NEAR EAST UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
INTERNATIONAL BUSINESS PROGRAM

AN APPRAISAL OF INTERNATIONAL MONETARY FUND (IMF) LOAN POLICY ON DEVELOPING ECONOMIES (A CASE STUDY OF NIGERIA)

PETER IJAI ISTIFANUS

MASTER'S THESIS

NICOSIA

2019

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20175447

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THESIS SUPERVISOR

ASSOC.PROF.DR.MUSTAFA MENEKAY

NICOSIA
2019

ACCEPTANCE/APPROVAL

We as the jury members certify 'An Appraisal of International Monetary Fund (IMF) Loan Policy on Developing Economies (A Case Study of Nigeria)' prepared by Peter Ijai Istifanus, defended on...../..../.... has been found satisfactory for the award of degree of Master.

JURY MEMBERS

....

Assoc. Prof. Dr. Mustafa Menekay
Near East University
Department of International Business

....

Assit. Prof. Dr. Ahmet Ertugan
Near East University
Department of Marketing

....

Dr. Karen Howells
Near East University
Department of Marketing
`

....

Prof. Dr. Mustafa Sağsan
Graduate School of Social Sciences
Director

DECLARATION

I Peter Ijai Istifanus, hereby declare that this dissertation entitled 'An Appraisal of International Monetary Fund (IMF) Loan Policy on Developing Economies (A Case Study of Nigeria)' has been prepared myself under the guidance and supervision of 'Assoc. Prof. Dr. Mustafa Menekay' in partial fulfilment of the Near East University, Graduate School of Social Sciences regulations and does not to the best of my knowledge breach and Law of Copyrights and has been tested for plagiarism and a copy of the result can be found in the Thesis.

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DEDICATION

This thesis is dedicated first and foremost to Almighty God who provided me with patience, peace and long-life to put in time, and effort in accomplishing my set goal. Secondly, to my loving parents I say a big thank you for striving and providing for my needs especially at my difficult times I will forever cherish your sacrifice. Lastly to my two brothers, I would not be here today if it was not for the brotherly bond we have. To everyone I am eternally grateful.

ACKNOWLEDGEMENT

I would like to express my utmost gratitude to the University for providing me with the scholarship in attaining this new milestone in my life. From the top directors to each and every professors and employees of Near East University I extend my gratitude.

To my supervisor, Assoc. Prof. Dr. Mustafa Menekay, I sincerely appreciate your input, your guide, expertise, professionalism and companionship. Without you, I would not be able to conclude this thesis.

I would also like to express love to my family, my father Mr. Istifanus Ijai Mamza for your dedication and perseverance, my mother Mrs. Jummai I. Ijai I am speechless mother but may your dreams be accomplished through me, my uncle Engr. Mr Irimiya Ijai Mamza and his family for your support, guide and patience throughout my studies.

To the family I made here throughout my stay I appreciate your unconditional love. I want to also acknowledge Rufaro Denise Chipindu, Nancy Achu and Memsy Esiet for your contribution and aid. To Almighty God, may you reign forever.

ABSTRACT

AN APPRAISAL OF INTERNATIONAL MONETARY FUND (IMF) LOAN POLICY ON DEVELOPING ECONOMIES (A CASE STUDY OF NIGERIA)

From the onset of independence, developing nations have been plagued with different issues ranging from the Political to the Social. The impoverishment of the developing world has been attributed to a lot of things including the IMF loan policies. This paper critically scrutinize these policies and its social effects, and the failure of the Nigerian economic system to efficiently satisfy its IMF loan reimbursement demands, has subjected the country to a high debt service burden. The resulting impact of this debt service burden generates extra difficulties for the country, and worthy of note, is the escalating financial debt which is pushed by higher degrees of loan grants. This poses a grave risk towards the economy as a huge portion of the state's hard made earnings is now being eaten up. The prime objective of the paper is to assess, as well as analyze, that Implementation of the IMF loan policy generally results in social adverse effects in the developing nation that is implementing the policy. Utilization of explorative investigation style, in a mixed research method was used in the research study. Semi-structured questionnaire was utilized as the data instrument. The sampling technique utilized is Quota sampling with a sample size of 50 individuals from Development Finance subdivision of the CBN. Data sources which were utilized are equally secondary and primary information. Analysis was done using both qualitative content analysis and quantitative descriptive statistics. Results indicated that implementing the IMF loan polices has social adverse effects due to the condition and other internal factors. The research will assist both the IMF and developing nations in regards to their pitfalls and where corrections can be made.

Key words; IMF Loan; Social Effects; Developing Nation; Conditions; Nigeria

ÖZ

AN APPRAISAL OF INTERNATIONAL MONETARY FUND (IMF) LOAN POLICY ON DEVELOPING ECONOMIES (A CASE STUDY OF NIGERIA)

Bağımsızlığın başlangıcından itibaren, gelişmekte olan ülkeler siyasi ve sosyal arasında değişen farklı konularla boğuşmuştur. Gelişmekte olan dünyanın yoksullaşması, IMF kredi politikaları da dahil olmak üzere birçok şeye atfedildi. Bu makale, bu politikaları ve sosyal etkilerini eleştirel bir şekilde inceliyor ve Nijeryalı ekonomik sistemin IMF kredi geri ödeme taleplerini verimli bir şekilde yerine getirememesi, ülkeyi yüksek bir borç hizmeti yüküne maruz bıraktı. Bu borç hizmet yükü ortaya çıkan etkisi ülke için ekstra zorluklar oluşturur ve not layık, artan mali borç hangi kredi hibe yüksek derece tarafından itilir. Bu, devletin sert kazançlarının büyük bir kısmı şimdi yenildiği için ekonomiye karşı ciddi bir risk oluşturmaktadır. Makalenin temel amacı, IMF kredi politikasının uygulanmasının genellikle politikayı uygulayan gelişmekte olan ülkede sosyal olumsuz etkilere neden olduğunu değerlendirmenin yanı sıra analiz etmektir. Araştırma çalışmasında araştırmacı araştırma tarzının kullanımı, karışık bir araştırma yönteminde kullanılmıştır. Veri aracı olarak yarı yapılandırılmış anket kullanılmıştır. Kullanılan örnekleme tekniği CBN Kalkınma finans alt bölümü 50 bireylerin örneklem büyüklüğü ile Kota örnekleme olduğunu. Kullanılan veri kaynakları eşit derecede ikincil ve birincil bilgidir. Analiz hem nitel içerik analizi hem de nicel tanımlayıcı istatistikler kullanılarak yapıldı. IMF kredi politikalarının uygulanması koşulu ve diğer iç faktörler nedeniyle sosyal olumsuz etkilere sahip olduğunu göstermiştir. Araştırma, hem IMF hem de gelişmekte olan ülkelere tuzaklarına ve düzeltmelerin yapılabileceği yerlere yardımcı olacaktır.

Anahtar kelimeler; IMF Kredisi; sosyal etkiler; gelişmekte olan ülkeler; Koşullar; Nijerya

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ABBREVIATIONS

BOG	Board of Governors
BOP	Balance of Payment
BPE	Bureau of Public Enterprises
BOT	Balance of Trade
CBN	Central Bank of Nigeria
CCF	Compensatory Financing Facility
CCL	Contingent credit lines
CCR	Catastrophe Containment and Relief
CPI	Consumer Price Index
EFF	Extended Fund Facility
GAB	General Arrangements to Borrow
GDP	Gross Domestic Product
GEE	Generalized Evaluation Estimator
GNP	Gross National Product
GRA	General Resource Account
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IC	Interim Committee
IEO	Independent Evaluation Office
IFI	International Financial Institutions
IMF	International Monetary Fund

IMFC	International Monetary and Financial Committee
NAB	New Arrangements to Borrow
OPEC	Organization of the Petroleum Exporting Countries
POE	Publicly Owned Enterprise
PSI	Policy Support Instrument
PRGF	Poverty Reduction and Growth Facility
SAP	Structural Adjustment Programs
SBA	Stand-by arrangements
SDR	Special Drawing Rights
SRF	Supplemental Reserve Facility
TCPC	Technical Committee on Privatization and Commercialization
UN	United Nations
WC	Washington Consensus

CHAPTER 1

INTRODUCTION

1.0. Background of the study

International Monetary Fund (IMF) is an international organization of 189 countries who are working together to foster global monetary cooperation, facilitate international trade, secure financial stability, promote high employment, reduce poverty and ensure sustainable economic growth. The main aim of the IMF was to encourage international financial cooperation through the establishment of a system of convertible economic currencies at fixed exchange rates. In 2012, its mandate was updated to include financial and macroeconomic issues that have significance on global stability. Being a voluntary and cooperative institution, it has attracted members from other nations who have a national spirit to relinquish measures of national sovereignty. This financial institution was formed after the collapse of most European countries after the world war. The war led to the destruction of properties and thrived of dictatorship. This was during the reign of the slave trade and colonialism. History has it that, after the Second World War there was the destruction of most economies which lead to excessive imports and loans. This led to convening the United Nations Monetary and Financial Conference meeting. IMF was formed to counter unresolved financial problems in protracting and initiating great depressions of the 1930 (Anyanwu, 1993). This led to unpredictable varieties of exchange values of national currencies to foreign currency. Re-engineering of IMF constitution was reached by 44 delegates from various countries and a conference held at Bretton woods Hew Hampshire, the USA on 12th July (Anibueze, 1998).

This meeting gave birth to two international financial institutions:

i. The International Bank for Reconstruction and Development (IBRD) whose main purpose was sourcing and provision funds for rebuilding the economies of member countries as well as financing other developmental sectors;
ii. The International Monetary Fund (IMF) whose main focus was providing solutions to balance of payment deficits and other financial challenges (Ugwuanyi, 1997).

The inaugural meeting that was held during the meeting of governors held in Savannah, Georgia, the USA in 1946 stated the signatories of the agreement as per the following objectives:

- Promotion of international cooperation
- Facilitate balance global economic growth Development of exchange stability
- Fosters multilateral system and transfers for current transactions.

Amendments have been done twice after the original drafting in 1944. It was aimed at discarding fixed system exchange rates. According to Ndweku (1983), the perceived responsibilities on IMF were:

- The members were to observe the international code of conduct in line with exchange rates and payment restrictions.
- To provide financial assistance to its members. This is through overseeing their economic status and helping them to overcome their challenges.

1.1. Problem Statement

Every developing nation is from time to time faced with economic problems which pose a great threat towards its development. As a result of excess demand, the country has to look for ways to correct its balance of payment deficit without adverse effects on national and international trade. Member countries of the IMF are provided with this opportunity as the main role of IMF is to counter these effects by being of financial and technical assistance to these countries. The current literature has highlighted mixed results in regards to these loan policies across time. IMF seems more interested in protecting its interests than it is in promoting the welfare of the developing nations. The issues attributed to the study along the line are the lack of quantitative studies on this subject matter and less empirical research on the effect of these policies on the social development of these nations. The main focus of this study, with Nigeria as a case study, will be to figure out how the loan policy and its implementation have affected the social economy of Nigeria in the present and in the past.

1.2. Objectives of the study

This research seeks to validate or discredit the claims that;

i. To examine amongst the IMF loan policy, which policy results more in social adverse effects in the developing nation that is implementing the policy.
ii. If the western or developed nations are using the IMF as a tool for controlling the economies of the developing nations.
iii. What are the challenges faced by developing nation in accessing and paying back IMF loans?

1.3. Research Questions

The following questions are vital to understanding more about the subject:

a. Why does the implementation of IMF policies have social adverse effects on developing economies?

1.4. Research Hypothesis

H_0: implementing the IMF loan policy has no significance with the social adverse outcomes in Nigeria.

H_1: The implementation of the IMF loan policy influences the social adverse outcomes in Nigeria.

1.5. The significance of the study

For every economy, information is crucial in making economic decisions that will be beneficial to the economy. In this case, this research will be useful to developing nations that seek to acquire financial assistance from institutions like IMF, the study of their loan conditions, their endorsement and how this has turned out in Nigeria, which is a developing nation, is of tremendous help to these countries. The study aims to add more to the literature by taking a mixed methodology approach to deviate from the more utilized method of surveys and structured questionnaires. On the other hand, this research is important to institutions, specifically the IMF alongside other institutions that might seek to employ IMF loan conditions, to see what kind of adjustments they should make. As an institution that is concerned with the sustainability of international trade, growth and sustainability of all economies, whether developed or developing, growth should be its main focus. The study shall utilize some useful theoretical framework specifically liberal political economy paradigm in explaining the role of this International Financial Institution and the quirks that come with their assistance. In other words, loan repayment should not be the primary focus of the IMF, rather, promotion of the same economy to a place of handling its loans, debts and maintaining a steady and sustainable economic growth without having to turn to IMF.

1.6. The scope of the study

To practically picture the effects of these policies on the economy of Nigeria, a thorough empirical investigation will be conducted with secondary data covering from the ’90s till present day. This period was chosen to cover the period of initial acceptance, the period after the oil shock and also the recent debt relief era. Although it is aimed at examining the policy performances over a long period of time, the social effects, the appraisal, and possibly the solution to the issues it encounters in implementation will be looked into.

1.7. Limitation of study

This study does not claim total reliability since it was faced with limitations. These include:

i. Limited time for the research.

ii. A limited budget constraint, considering it is a student's research.

iii. Lack of sufficient information and accessibility to officials or documents.

1.8. Summary of Chapters

Chapter 2 highlights the literature review which prevails in regards to IMF loan policies and the role of its within developing nations. It sheds light on preceding work carried out by alternative researchers on the subject. It describes the literature on numerous loan policies as well as its semblance put together by several experts.

Chapter 3 points out the methodology employed for the study. It describes the research design and method employed for data accumulating of the analysis. It portrays the reason behind implementing the research method, sample dimension, sampling procedure as well as research instrument utilized. It eludes the entire strategy employed in acquiring data pertaining for the exploration.

Chapter 4 highlights the outcome acquired from semi-structured questionnaires carried out with participants and analysis of the final results by employing mixed method Content Analysis System. Additionally, it summarizes the outcomes acquired via the survey executed.

Chapter 5 will be the last chapter which concentrates on the recommendations and the conclusion of the study

CHAPTER 2

LITERATURE REVIEW

2.1. IMF Aims, Purpose and Functions

The IMF is along with several independent officialdoms specified by the United Nations (UN) as "Specialized Agencies," the UN has identified operational associations. The IMF is a fixed observer within the UN. The principal intent of the IMF was encouraging universal pecuniary collaboration thru the establishment of a 1 aztechnique of exchangeable pecuniary monies during fixed exchange rates. Quite simply denoted to as "to foster worldwide financial collaboration, safeguard fiscal balance, facilitate universal trade, encourage higher employment and sustainable financial progress, and minimize paucity across the world" ("About the IMF", 2018). Through the eyes of the founders, the IMF's purpose and contribution to postwar macroeconomic stability happen to be threefold:

• Enable trade by repressing certain universal exchange controls;

• Produce fiscal constancy by coping with a fixed (but flexible) exchange fee system; as well as

• Offer short-run pecuniary sustenance to member nations to correct short-term balance-of-payments problems (James, 1996).

A substantial reason behind the IMF was at first conceived for Bretton Woods - to keep fixed exchange fees - was, thus, within realization. Although the IMF had forfeited the inspiring objective of its, it utilized towards the realization of fixed exchange fees. In 1973, IMF partakers enacted a thorough rewrite of the IMF Articles. IMF participants condoned the floating rate exchange fee structure which was at this point in a place; technically accomplished the universal fiscal task of gold (although gold carries on to be a worldwide fiscal advantage); as well as, nominally, but unsuccessfully, developed the SDR the earth's "principal reserve asset." Henceforth, member states have been allowed to conveniently ascertain their currency's exchange fee, as well as purchase private capital flows to fund market instabilities (Weiss, 2018).

As opposed to certain other development institutes like the World Bank, the IMF is not a developmental institutional. In the course of 1944, Keynes envisioned the IMF as an institute devoted to stabilization, comprised of bankers, conceding the job of advancement to the World Bank. Nonetheless, over valuable time, the IMF has steadily evolved to become concerned with developmental projects throughout the earth's poorest states. (Bateman, Hirai and Marcuzzo, 2010). As altered forth within the Articles of Agreement, the functions on the IMF are;

• To promote worldwide alliance on global fiscal problems;

• To facilitate the advancement as well as the sensible progression of universal trade; stimulating substantial levels of employment and also real earnings and the improvement of useful materials within each of the participant countries;

• In order to improve the exchange rate stableness and then to evade naturally competitive exchange rate depreciation;

• To aid build a multidimensional framework of disbursements amid nations for contemporary transactions and additionally to alleviate global exchange limitations that impede world trade;

• To make loans to member nations over a short-term plan with ideal precautions for compensation, "hence providing them with all the likelihood to correct maladjustments within their balance of payments devoid of the necessity of turning to actions vicious to national or universal wealth," and

• To be in a position to minimize with these loans the time and also to minimize the amount of volatility within the universal balances of payments of members states.

The Fund shall be guided in a variety of its policies and decisions via the objectives decided within this article.

("Articles of Agreement of International Monetary Fund -- 2016 Edition", 2016).

2.2 The Prime Purposes within the IMF

The IMF's mandate of advertising global fiscal stability suggests 3 principal functions: (a) Surveillance of economic and fiscal difficulties within the participant states of its and also within the universal economic state.

(b) Fiscal direction to aid nation-states conquers an enormous balance of payments difficulty.

(c) Technical aid as well as advisory offerings to participant nation-states

2.2.1 Monitoring/ Surveillance

IMF participants discern, as a challenging prerequisite of participation (Article IV), which they will "team up with the Fund and other participants to guarantee sorted out exchange strategies and additionally to stimulate a steady approach to exchange rates." In specific, they opt to pursue pecuniary and monetary policies which will produce structured fiscal advancement with sensible expense equilibrium, to steer clear of erratic disruptions within the universal financial charter, rarely to adjust the exchange rates of theirs to have the ability to realize unfair competitiveness or perhaps alter fiscal afflictions to various other nation-states, and then to go along with exchange fee policies ideal for the commitments.

So as to keep itself up-to-date and knowledgeable about the universal pecuniary position, IMF collects statistics from diverse nation-states and evaluates the information. It, consequently, offers knowledge on provincial state economies, universal trade, and the collective universal financial structure, furthermore to providing regularly current fiscal conjectures both at the universal and national levels. Through monitoring of economic and macroeconomic policies of a nation, the IMF recognizes risks of their constancy and also offers tips in accordance to mitigate the risk (Weiss, 2018).

2.2.2 Financial Assistance

Balance-of-payments discrepancy is a challenge that faces numerous nation-states and the effects of its, if not effectively mitigated and controlled, extend past the national borders, hence influencing the global economic balance. It means that the nation has more imports as opposed to exports. Over the long haul, the nation becomes a consuming nation and can consequently not fund all the consumption of its, triggering a decline in its economy. Quite a few fiscal crises in developing nations in most recent years happen to be the outcome of a decrease of assurance using the universal economic markets and the "sudden stop of capital inflows to unindustrialized nation-states which frequently transpires at the beginning of a disaster. In diverse cases, loans are made by the IMF to aid nation-states to contend with predicaments nevertheless the loan compensation time period is longer and the conditionality incorporates concerns which are greater profoundly rooted and involve additional time frame as opposed to its typically achievable in the IMF's standard schedule. The IMF's financial framework can satisfactorily be distinguished as that of a credit union. IMF member nation-states deposit hard forex and a number of their very own legal tender, from which they are able to draw the currencies of numerous nation-states in the event that they encounter considerable difficulties in coping with their balance of payments (Weiss, 2018).

The IMF's economic support mechanism is based in the credit facilities which existed amid central banks ahead of the IMF's creation. Central banks might borrow from each other in conjunction with the borrower purchasing the currency belonging to the lender, and paying for it via crediting the lender's account with the borrower in the borrower's forex. Consequently, when borrowing via the IMF, a member purchases from the IMF the hard currency of another fellow member in trade for its own currency.

Reimbursement is affected thru a reversal of the preliminary transaction. The member repays the loan by compensating the IMF hard forex and also repurchasing its own forex which the IMF had acquired. For the IMF with the motive to lend, it was there, using an individuals' quota subscriptions as well as NAB commitments, a pool of hard forex and SDRs. 1/4 of a member's quota fee is often paid in operational assets (SDRs or currencies of different contributors suitable for the IMF), and furthermore, the balance is compensated in the member's own currency. When participants borrow via the IMF, the pool consists of considerably more of debtor participants' currencies and far less of SDRs or currencies of creditor contributors. The reverse occurs as participants repay their borrowings in the IMF. Operationally, the IMF makes a decision quarterly, mainly developed in the anticipated pool of member borrowings and payments, what currencies are to be employed (and as much as what amounts) to fund as well as pay off its lending.

The sums transferred and also acquired via these participants are overseen to assure that their creditors' positions within the IMF proceed to stay extensively even in relation to the quota of theirs, that could be cited by the IMF on a quarterly framework ("IMF Financial Transactions Plan -- Quarterly Report, August one, 2017? October 31, 2017").

2.2.3 Capacity Building/ Technical Assistance

Capacity building is delivered through the IMF to member nations for the most part as guidance and edification were provided by IMF personnel, headquarters-based technical support experts and professionals within the discipline employed by the IMF. Solicitations for technical aid come through from the authorities' drives to identify as well as tackle flaws within policy strategy or utilization (Fritz and Ramlogan, 2007, p.53). The IMF expects the borrowing nation-states to repay the loans of theirs. Even though loans might assist the nation-states in the restoration of universal trade and restore pecuniary advancement, the nation nonetheless has to venture on structural re-adjustments policies under the monitoring of the IMF. Technical aid is a pivotal portion of the IMF's members and activities in reinforcing their policy detailing and execution, and the reputable, institutional, and market systems in which they function. It furthermore comprises a vital supplement to Loaning activities and IMF surveillance in member nation-states.

Surveillance and loaning duties, IMF employees work with national specialists to differentiate the tactics as well as adjustments essential to deal with certain macroeconomic and structural concerns. Technical aid, on the other hand, facilities on the execution of these changes and strategies (Liuksila, 2002). Access to technical aid is but one benefit of IMF membership; accounting for roughly 20 % of the IMF's yearly working finances. The IMF provides technical aid in the core regions of its of know-how: macroeconomic coverage; tax and earnings regulations; spending management; exchange rates; financial region sustainability; as well as fiscal information. IMF technical aid assists the advancement of the productive assets of member nations via supporting them to accurately regulate the fiscal policy of theirs as well as monetary matters. Those nation-states are allowed by the IMF to improve the ability of theirs in both institutional and human assets and to structure ideal macroeconomic, monetary, in addition to structural strategies (Weiss, 2018).

2.3. IMF Organizational Structure

2.3.1. The Board of Governors (B.O.G)

This is the top body with decision-making powers within the IMF. All member nations are represented within the board by a single Governor and one single alternative Governor, with the governor elected by the nation being typically the financial minister or the top of Central Bank, meet yearly and cull a chairman from within the ranks of theirs (How the IMF Makes Decisions, 2016). Every member nation is given a "quota" linked to the proportions of the financial state together with other connected components. The quota might be the chief determinant of the quantity of votes that the member nation has within the institution, and adscititiously it influences the proportions on the country's financial membership to the Fund and other aspects of the country's financial sodalities combined with the institution. The majority of the IMF's powers are however delegated to the Executive Board. The governors have 2 forms of potency:

Those which are explicitly conferred on them by the Articles of Agreements, and a much more astronomically immense amount that is implicatively insinuated. The explicit potencies, which might not be delegated include: Right to approve quota increases, Special Drawing Right SDR allocations, Admission of incipient members, Compulsory withdrawal of a member nation Amending the Articles of Agreements and By-Laws Election or appointment of the executive directors is withal a function of the Board, its elections are held by voting via a mail-in ballot.

Regarding the implicatively insinuated powers of the governors, the Articles provide that all powers under the Accidence which are not conferred on the Board of Governors, the Executive Board, or possibly the Managing Director shall be vested within the Board of Governors (Article XII, Section 2(a)). They supplementally supply that the Board of Governors may well designate to the Executive Board the puissance to exercising all of these implicatively insinuated functions (Article 2(b)). Within exercises, the governors have delegated tremendously vast functionality on the executive directors, by a resolution employed in the initial annual convention of the governors (in 1946), whose phrases are currently embodied around Section 15 of the By-Laws (Mountford, 2008).

It is withal the supreme arbiter in event of disputes with the interpretation of the IMF's Articles of Agreements. Meetings of the Board are done yearly with the World Bank on the IMF-World Bank Spring and Annual Meetings held to go over consequential concerns in the respective work of theirs. These meetings are customarily within September or October and are held in their headquarters in Washington D.C for 2 consecutive years and in a member state for the 3rd year. The chairing of these meetings is executed by the Governors of the IMF and World Bank, given that the chairmanship swivels among the member countries every year (How the IMF Makes Decisions, 2016).

2.3.2. Ministerial Committees

The IMF has 2 ministerial committees that offer help and advice to the Board of Governors. These committees are the International Monetary and Financial Committee (IMFC) and The Development Committee.

2.3.2.1 The International Monetary and Financial Committee

The International Monetary and supplementally Financial Committee (IMFC) was commenced in1999, by a Resolution on the Board of Governors, to become a long-term committee as successor on the Interim Committee (IC) (Mountford, 2008). International Monetary and Financial Committee have twenty four members pulled out of the 189 governors. Ever since the framework of IMFC is a representation of that from the

Executive Committee, virtually all member nations are represented. Meetings are bi-annual, during Annual Meetings and the spring. Its talks are fixated on concerns impacting the ecumenical financial state and counsel the IMF about what course the work of its should certainly consider.

The summaries of its meetings provide the substructure for leading IMF on the work program of theirs for the 6 months afore the following meeting. It functions via consensus (How the IMF Makes Decisions, 2016). The IMFC has within exercises turned out to be the chief source of ministerial-level recommendations, guidance, in addition to the replications on the Executive Board on all of the principal concerns dealing with the Fund. Albeit it is technically an advisory committee, in practice the communiqué of its plays an essential part within setting up the Fund's responsibility plan for the period ahead (Mountford, 2008).

2.3.3. The Development Committee

The Development Committee commenced by resolution of the Board of Governors to direct the Governors of equally World Bank and supplementally the IMF on crucial progression quandaries at the same time as on the financial power compulsory to promote financial development in developing states. In exercises, nevertheless, Governors and withal the IMF Board, Management, as well as employees viewpoint of the Development Committee, as principally conscientious with the task on the Bank (Governance of the IMF: An Evaluation, 2008).

The regards to guide of the Development Committee are overseeing the amendment process, offering prompt attention on the difficulties of very least developed regions at the same time as each of those developing regions that are genuinely afflicted with the balance of payments quandary. Being an immediate result, the Fund's policies regarding an extensive range of quandaries pertaining to developing nations - including, debt palliation, structural adjustment, for instance, and then penuriousness elimination - are viewed as both within the Development Committee (for both institutions) as well as the Interim Committee/IMFC (Mountford, 2008).

2.3.4. Board of Executive Directors (B.E.D)

The Executive Committee is in control of the daily operation of the IMF. It is liable for excising powers delegated to it from the Board of Governors as well as the potencies the Articles of agreement delegates to it. Its participants were all-elected at the commencement of the year 2016 while aforetime, afore the Board Reform Amendment; the nations in the top 5 quota positioning had the opportunity of appointing an executive committee member with the majority of the member nations being offered the rest of the 19 openings of the election. Decisions in the Board are achieved by way of popular opinion; however, formal voting is oftentimes needed. The votes of every member are the summation of the fundamental votes of its, with every nation being equipollently represented. Thus, voting power is tenacious through the member's quota.

A summary of the Board's views informal meetings are compiled within a booklet kenned as a Summing Up. Informal meetings for discussion of perplexed policy reforms within the preliminary stage might withal be held (Kimberly Amadeo, (2018). The most sizably voluminous shareholders like Japan, Britain, Germany USA, and France appoint the representatives of theirs to the board. The remainders of the members are elected predicated on geographical or historical affinity. The executive committee has multiple committees in it to examine policies and budget. IMF executive board culls the Managing Director who serve as the Chief Executive Officer. He serves for a 5-year term. The board withal approves the election of managing directors assistant. By tradition, the first Deputy Managing Director must be a USA denizen. Nevertheless, this resulted in controversies which encouraged cull predicated on caliber compared to political contacts.

2.4 The IMF Finances

Assets for IMF credits to its participants on non-concessional conditions are supplied via member nations, frequently thru their fee of quotas. Bilateral and multilateral borrowing functions as a second and third type of security, correspondingly, via supplying a transient complement to quota funds. Those borrowed assets performed a crucial function in permitting the IMF to guide the member countries of it's in the course of the worldwide financial disaster. The IMF's contemporary entire assets amounting to SDR 975 billion converts right into a capability for lending or perhaps "firepower" of approximately SDR seven hundred billion (about US$ one trillion), subsequent to putting apart a liquidity buffer along with considering solely quota assets of participants with the powerful external role are utilized for lending ("Where the IMF Gets Its Money", 2018). The exception of reserves, prudential lending necessities, and outstanding packages, the IMF’s available cash to lend (known as the forward commitment capacity) became SDR 220.9 billion ($320.3 billion) as of March 2, 2018 (Weiss, 2018).

2.4.1. Quotas

The IMF is a Quota based foundation. Quotas are the building blocks of the IMF's monetary and administration structure. Quotas are designated in Special Drawing Rights (SDRs), the IMF's unit of account. Quotas are the IMF’s principal supply of financing. Every fellow member belonging to the IMF is given a quota; dependent broadly on the relative function of it's within the global economy. IMF frequently conducts standard evaluations of quotas to assess the adequacy of entire quotas and their distribution amongst contributors. The cutting-edge assessment (the 14th assessment) was realized in 2010 and the quota will increase be effective in 2016. This particular overview doubled quota sources to SDR 477 billion (about us$ 692 billion) ("Where the IMF Gets Its Money", 2018)

Figure 1: Total IMF Resources (End FY2018)

Source	Value in Billions of U.S. Dollars
Quotas	692
New Arrangements to Borrow	264
General Agreements to Borrow	26
Bilateral Borrowing	460
Total	1442

Source: *www.imf.org/en/About/Factsheets/Where-the-IMF-Gets-Its-Money*

Note: As of January 4, 2019, one SDR was equal to the U.S. **$1.390740.**

2.4.2. Multilateral Borrowing

Notwithstanding its ordinary quota assets, the IMF keeps up two standing multilateral borrowing arrangements, the New Arrangements to Borrow (NAB) and the General Arrangements to Borrow (GAB) and a few bilateral borrowing arrangements. These are backstop assets expected to briefly enhance accessible quota assets and borrowing. Whenever enacted, partaking creditor nations make advances to the IMF, and the IMF utilizes those assets to give advances to qualified nations. The NAB is a set of credit arrangements between the IMF and 38 member nations and foundations, including propelled economies and various developing market nations. The NAB is the facility of first and key response in conditions in which the IMF needs to enhance its quota assets. As a feature of the understanding in December 2010 to double the IMF's quota assets, participants conceded to a relating rollback of the NAB, bringing about a move in the organization of the IMF's assets from NAB to quotas.

Following the installments for quota increments in February 2016, the NAB has been moved over from SDR 370 (about $536 billion) to SDR 182 billion (about $264 billion) (Weiss, 2018). In a progressively constrained situation, the General Arrangements to Borrow (GAB) with 11 members along with a borrowing agreement with Saudi Arabia enable the IMF to obtain as much as SDR 18.5 billion via the conclusion of the present GAB time period, December 25, 2018. ("Where the IMF Gets Its Money", 2018). Thru the General Agreements to Borrow, member nations and establishments provide finances to the IMF to be dispensed to the country soliciting for the investment. The present-day general agreement rules as of mid-2018, the IMF offers supplemental loans of as much as $26 billion to participants in need (Kenton, 2018).

2.4.3. Bilateral Borrowing

Fill in being the third kind of defense after quotas along with the NAB. Considering that the outset of the international financing crisis, the IMF proceeded to go right into a couple of rounds of bilateral borrowing agreements to ensure that it could possibly meet up with the funding requirements of its participants. Throughout 2016, in the standpoint of ongoing vulnerability within the global economic system, the participation resolved to help keep up access to bilateral borrowing, under a modified borrowing structure, by having a basic term thru the end of 2019 extendable for an additional 12 months with creditors' assents ("Where the IMF Gets Its Money", 2018).

2.5. IMF Loan Programs

The IMF offers diverse types of loans to member governments. Concessional loans are granted to low-income nations at a concessional interest fee via the Poverty Reduction and Growth Facility (PRGF) whilst non-concessional loans are provided with a market-based interest fee through 5 mechanisms: the Stand-by arrangements (SBA); extended Fund Facility (EFF); Supplemental Reserve Facility (SRF); Contingent credit lines (CCL); and the Compensatory Financing Facility (CCF) ("What types of financial assistance will the IMF provide?" 2005). The Stand-by Arrangement (SBA), which offers the majority of IMF help to middle-earnings nations, addresses short-term balance-of-payments issues and generally lasts one to 2 years.

The Extended Fund Facility (EFF) addresses longer-term balance-of-payments issues requiring essential financial reforms and commonly runs for 3 years or longer. The IMF gives loans to its poorest member nations on concessional reimbursement terms. These aim to assist nations to conquer balance-of-payments issues, however, their conditionality puts much less emphasis on reducing spending and more on financial growth-improving reforms. Concessional lending to low-income nations is resourced via contributions from member nations and the IMF itself, as opposed to through quota subscriptions.

The IMF presently offers low-interest loans under the Poverty reduction and growth trust (PRGT) (zero interest rate until 2018). Debt relief is furnished under the heavily indebted poor countries (HIPC) Initiative and the catastrophe Containment and relief (CCR) Trust Fund. Finally, the policy support instrument (PSI) supports low-income nations that do not need or want, IMF lending, however, are looking for IMF macroeconomic recommendation and a “seal of approval” in their financial regulations as a sign to global donors and economic markets ("The Policy Support Instrument (PSI)", 2018).

Table 1: IMF Lending Programs

Credit Facility (Year Adopted)	**Purpose**	**Conditions**	**Access limits**	**Repayment schedule (years)**
Stand-By Arrangements (SBA) (1952)	short-to medium-term help for nations with short-term balance of payments problems	undertake policies that provide confidence that the member's the balance of payments problems may be resolved within a reasonable duration	Annual: 145% of quota; cumulative: 435% of quota	3¼–5
Extended Fund Facility (EFF) (1974) (Extended Arrangements)	Longer-term help to assist participants' structural reforms to cope with long-term the balance of payments problems	undertake up to the four-year program, with structural schedule and annual targeted declaration of policies for the subsequent twelve months	Annual: 145% of quota; cumulative: 435% of quota	4½–10

Flexible Credit Line (FCL) (2009)	a flexible instrument within the credit score tranches to cope with all the balance of payments needs, potential or real	Very sturdy ex-ante macroeconomic basics, financial policy framework, and policy track record	No preset limit	3¼–5
Precautionary and Liquidity Line (PLL) (2011)	tool for nations with sound financial fundamentals and policies	Sound policy frameworks, the external role, and market access, along with economic sector soundness	125% of quota for 6 months; 250% of quota available upon approval of 1- to 2-yr arrangements; a total of 500% of quota after 12 months of exceptional progress	3¼–5

Rapid Financing Instrument (RFI) (2011)	rapid monetary help to all member nations going through an urgent balance of payments need	Efforts to resolve the balance of payments problems (might also consist of prior actions)	Annual: 37.5% of quota (60% for huge natural disasters); cumulative: 75% of quota	3¼–5
Extended Credit Facility	deal with the protracted balance of payments issues	flexibility on adjustment path and timing	Annual: 75%; Cumulative: 225%	5.5–10
Standby Credit Facility	solve the short-term balance of payment needs	purpose to solve the balance of payments need within the short term	Annual: 75%; Cumulative: 225%	4–8
Rapid Credit Facility	Low-access financing to fulfill pressing balance of payments needs	No ex-post conditionality; track the report used to qualify for repeat	Annual: 18.75%; Cumulative: 75%	5.5–10

		use (except under the shocks window and the natural disasters window)		

Source: *("IMF Annual Report 2018; Building a Shared Future", 2018).*

2.5.1. Theoretical framework

2.5.1.1. Embedded liberalism

As reported by numerous sources, J.M. Keynes contributed greatly to restructuring the financial structure right after the war. He extensively acknowledged and advocated for a system of governed capitalism frequently labeled as embedded liberalism (Udeogu, 2018).

The post-World War II world order was distinguished with the Bretton Woods structure, which has been crucially afflicted by the United States around the groundwork of fixed exchange fees. This unique order was dependent upon so named embedded liberalism whose central rule was liberalization along with global open trade. Though in addition, it legalized the government’s attempt to intervene as well as control the national economic system to redistribute the National wealth in an effort to guarantee social peace and internal stability (Ruggie 1982).

Ruggie's 1982 report came to the conclusion that with an inventory of issues on the compromise utilized through the late 1970s and early 1980s such as the role of developing States, the increase of private capital flow as well as possessiveness of inflation. Initial through the late 1960s and early 1970s, predominant thoughts concerning the purpose of the authorities' involvement within the financial state did start to change. The transformation in embedded liberalism was in line with the belief that inflation was more of a risk as opposed to unemployment and our governments were definitely far more prone to do damage in lieu of good through involvement. Embedded liberalism entailed policies of compensation instead of closure (although throughout its post-World War II form embedded liberalism) do not incorporate free trade openness, therefore several rooms for protectionist policies stayed. (Griffiths, 2005).

Nowadays, embedded liberalism implies realizing the reality of financial globalization and liberalization but making sure that these procedures are molded by values and also by the institution which can mitigate market malfunction, inequality, and injustice (Utting, Razavi, and Buchholz, 2012). Embedded liberalism at the global level, facilitated the decrease in a few trade hurdles, and a direct result of speedy advancement of industry flows. Within the domestic level, initiatives at embeddedness were exemplified by a selection of state-led efforts to lessen unemployment (Blyth, 2002; Griffiths, 2005).

Right at the global level, Market Force is already allowed to shift in the event that haltingly, towards comparative advantage as well as adjustment, but also here interventionist policies were crucial. State power continues to be implemented to restructure the economic system and buffer the disruptive domestic social outcomes of Liberal economics at the global level as trade financing, production and technological know-how has developed (Apter and Rosberg, 1994).

Realizing fast development continues to be the overriding goal realized partially on the foundation of new engines of development including the environmentally friendly financial state and to demand-led development especially within developing countries. additional focus is given to social policy and raising real wages not merely for reasons of social justice and stability but additionally being an important mechanism to enhance domestic demand and minimize debt- to- income ratio (Brown 2010; Kumhof and Riancierc 2010; Utting, Razavi and Buchholz, 2012). Embedded liberalism is a kind of mercantilism but a fairly moderate one. It is distinguished by the fact that market forces have a much more dominating function. (Apter and Rosberg, 1994).

A government that is knowledgeable about the economy should have a right to meddle with the economic system, but at the same time, this meddling might be a contributting factor to the already dwindling economy. In relations to the IMF loan policies, the theory is set to highlight the positive impact of government intervention while practicing liberalization. This theory entails that government can temporarily opt out of a policy if it deems it harmful to its economy. The neoliberals advocated the dismissal of government intervention as it was a key to development deficit in their perspective. Nonetheless, government intervention has proven to be beneficial against the adverse effect of the market economic competition which most western nation used in the early 90s to boost their economies. In today’s Society, there is hardly an industrial nation that does not have some form of intervention. America the biggest advocate for free trade still practices some Interventionist policies. The question then is, why the push for free trade in developing nations?

In relation to this intervention, developing Nations can cease to implement policies that will be disastrous to their economies. For instance, in 1985 when Buhari intervened to avoid devaluing the currency despite pressure to devalue the currency by the international financial institutions, Nigeria had a positive trend in unemployment and currency was a naira to a dollar. In recent times the same has occurred in line with the currency where the Naira had a tremendous fall in value from 2016-2017. This was as a result of the forces of demand and supply where the demand for forex was high while the supply was low. This all happened due to the regime's intervention in the market. It’s with little doubt that the intervention of the government sometimes might result in adverse effect but at times intervening is for the good of the Nation in the long run. Recently the Nigerian government injected certain amounts of hard currency into the economy to stabilize the Naira. This idea hasn’t been without criticisms as some economist and the IMF as well have claimed that devaluation is what the country needs at the moment. Hence one must take into consideration the fact that devaluing the currency accompanied with the rise of inflation, the fall in wages, the rise of unemployment, and removing government subsidies as requested by the IMF previously, what would be the fate of the typical Nigerian worker or citizen? For the sake of the social welfare of the people, intervention is highly required as opposed to letting market forces control take. Nigeria with half of its population living below the poverty line depends upon the government for a lot of things. For instance, healthcare and education. This is achieved through government subsidies on these key social aspects for the people. Eliminating government control on these sectors will definitely be immensely disastrous to the underclass. The IMF has previously reported state interruptions of the loan programs which according to them is the cause of low growth and the adverse effects from these policies. Nations might have interrupted these programs due to the shocks that came with them which were less likely to bear by the people of the Nations. This has occurred in most countries that took up the IMF loan programs and Nigerian being one of them.

Countries that practice embedded liberalism engaged in various activities such as social welfare programs and viewers' regulatory policies such as subsidies were used to prop up local Industries. Nigeria provides a clear example of government subsidies removal in conjunction with oil prices. As the government took off oil subsidies, the social lives of individuals suffered as pump prices went up and the cost of living as well with it. In the face of global warming, most countries have taken into account the emission of greenhouse gases. A clear example is from the Cameroonian government which increased import duties on old model cars which has less eco-friendly engines and lower import duties on new advanced vehicles. This is a form of environmental protection for the society from the consequences of global warming such as flood and so on. In Nigeria, the government intervened in dismissal offering food that can and are available in the country for production hence boosting local production. Finally, the social well-being of the citizens, intervention serves as positive light as opposed to letting the invisible hand take total control of the economy.

2.5.1.2. Neoliberalism

Neoliberalism is an expression created from liberalism. It is the newest liberalism. Neoliberalism was, to begin with developed by Alexander Rustow a German economist and socialist who reported that financial liberalism had hit a brick wall in Germany. Rustow came up with neoliberalism being a middle way, or perhaps the 3rd option to advancement, the 3rd financial triumvirate which includes, Lasse faire, communism, and capitalism. He rejected Adam Smith's lasse faire, and additionally rejected a designed or even controlled economic system as non-complementary with democracy, human dignity, and freedom. It has been neoliberalism that Rustow alleged was the third or natural approach. Rustow's neo-liberalism was really an economic and political system that highlighted attributes of both Worlds. In a sense, it had been in fact the practice associated with a mixed economic system, in which governing administration had total power to control the economic system while simultaneously allowing the market as the center of exchange (Hagher, 2011).

Development requires an ailment in which individuals are able to satisfy the basic needs of theirs for existence and live an enhanced quality of existence. Right here individuals have to be observed to become the agent, means and ends of growth which is their well-being and interests ought to be the measure of each of the factors that symbolize the supreme law of growth (Egharevba, Imhonopi, and Iruonagbe, 2015).

Neoliberalism transmogrifies every single human domain and also endeavor, coupled with individuals themselves in accordance with a certain impression of the financial. Just about all spheres of existence are framed as well as assessed by the financial metrics and terms, also when these spheres may not be exclusively monetized. For neoliberal rationale and in domains governed by it, we are everywhere and only homo-oeconomicus (Dean et al., 2017).

Paradoxically, under neoliberalism, a lot of western states have been transformed via government involvement. The neoliberal reason for the impetus for state segment reform locates it around the necessity to enhance a nation’s competitiveness by maximizing the effectiveness of most sectors belonging to the financial state. Neoliberal beliefs in these days are illustrated by terminologies including spending incisions, dismantling, debt, reducing, downsizing, decking welfare state, competitiveness, inefficiencies, inevitability, and use-pay costs for earnings healthcare, escalating expenses, free markets and also the erosion of healthcare. Neoliberal beliefs in these days are illustrated by terminologies including spending incisions, dismantling, debt, reducing, downsizing, decking welfare state, competitiveness, inefficiencies, inevitability, and use-pay costs for earnings healthcare, escalating expenses, free markets and also the erosion of healthcare. The advent of neoliberal financial order in the 1980s emerged as a fall away from the drop in governing administration earnings after shortfall in crude oil rates within the global work niche resulting in federal government imprudent large international borrowing out of the World Bank, IMF along with other global financial institutions to fund the huge budget deficits of its. The choices eventually laid the cornerstone for the country's measure debt issues with harsh outcomes for the overall economic system which in turn ultimately resulted in problems of substantial unemployment, fall in manufacturing potential utilization and decline in societal service provision notably within the health and also education sectors. The claimed objective of the neoliberal policy was bringing new prosperity by improving financial advancement as well as a decrease in poverty, but rather it brought about a decline in revenue as well as livelihood of numerous poor individuals within developing nations by pressing for conventional financial policies that granted primacy to market fundamentalism such as free trade, Unfettered flow of speculative capital, privatization of social security and the failure to hit harmony in between the function of the market and the governments (Egharevba, Imhonopi, and Iruonagbe, 2015).

During the same vein, the neoliberal presumption pays minimal or perhaps zero thought to domestic aspects, for instance, the peripheral and dependent dynamics of developing economies especially sub-Saharan Africa wherein capitalist advancement has not substantially flourished. Similarly, the neoliberal policy additionally did not realize that with no proper government regulation as well as involvement markets do not result in financial efficiency (Greenwald and Stiglitz, 1986; Haque, 1996b; Walton and Seddom, 1994).

Nigeria like other developing nations has been plagued with corruption. In an effort to manage as well as set the Nigerian economic system, the World Bank along with International monetary fund undertook to reconstruct the Nigerian financial state via structural adjustment programs. This led several leaders and intellectuals to speculate aloud if probably the World Bank and also the IMF had not programmed Nigeria as the most detrimental test of neoliberalism. In Nigeria today, foreign firms have full ownership rights and can fully repatriate their profits and trade barriers in any way are to be eliminated. Public enterprises are expected to be fully privatized, just as banks must be opened to foreign control. These are the same policies put in place in Nigeria as in Iraq and other nations in Africa like South Africa, Egypt, and Ghana. The recent mega city plan by Lagos state and Abuja pursued policies aimed at relocating low-income households outside the city. Nigeria is desperately trying to be a neoliberal society. In an attempt to Transplants neoliberalism to Nigerian shores, a great deal of human struggling is taking place. This is in line with the opposite aspect of neoliberalism that is frequently swept apart by the proponents of its. No matter where neo-liberalism is practiced, we have witnessed the propensity to worsen social inequality and to ignore even progress, and in so doing worsening n the plight of the significantly less privileged within the society. Neo-liberalism has a tendency to focus wealth to an elite few. Below the slogans of its of liberation, rights, and liberty, will be the awful fact of neoliberalism as the enforcer of naked financial along with class power. It does not make a difference whether it takes place within the regional, or perhaps trans-nationally. In the event that Nigeria has selected neoliberal endpoint, the choice of its is currently fraught with corruption and naked class power certainly. The neo-liberal reforms in Nigeria have still to cope with the reality that the details on the praxis ought to differ from a single portion of the world on to the other. Despite assertions of neoliberals in Nigeria that the experience of neo-liberalism…would wipe out poverty, there is almost no contribution by the Nigerian masses. This hampers Nigeria's competitive edge in natural resources and population due to the low capacity infrastructures of ours. The outcome of neo-liberal reforms through the 1980s to the present continues to be the loss in employment, industrial facilities in Kano, Lagos Enugu, Kaduna, and Port-Harcourt and also across Nigeria are sealed as a result of the influx of international commodities (Hagher, 2011).

2.5.1.3. Neo-colonialism

Rahaman, Yeazdan, and Mahmud (2017), states the impact of neo-imperialist nations led to the decolonization of Africa that commenced in the 1960s. However the

Colonial traditions and also the grimy activities from the former and existing imperialist power preserved Africa in the Iron Curtain of neo-colonialism. The African states obtained freedom in politics, though they continued to be reliant on the colonial masters of theirs both social-culturally and economically. Being a direct result, Africa could not emerge out of the curse of poverty, hunger, famine, and corruption; in addition to underdevelopment became a typical phrase in the arena of theirs.

The term' neo-colonialism' was initially coined by Kwame Nkrumah. For Kwame Nkrumah neo-colonialism symbolizes the ultimate phase of imperialism. Neo-colonialism may be the most severe kind of imperialism, for those who exercise it, it indicates power with no responsibilities, and also for those who experience it, and also it is exploitation with no redress (Sinha and Northrop, 2012).

Halperin (2014), described neo-colonialism, Neo-colonialism, the control over less-developed nations by advanced states via indirect mean' since the advanced nations are dominating underdeveloped or perhaps developing states indirectly through the use of colonial exploitation policies. For instance, in the contemporary world the Latin American along with African. Underdeveloped or even developing nations are impacting perniciously through the imperialist states. She included the phrase neo-colonialism was initially utilized to European policies that were viewed as programs to help maintain control over African as well as other dependencies.

The inclination of the neo-colonial event in Africa has mostly focused on global conspiracy as well as transnational trading domination by transnational and multinational organizations at the cost of regional business owners. This was highlighted by the presence of' expatriate domination of funding potentials ... their advanced use of credit, provisions, and also the science as well as managerial competencies needed to industrial manufacturing (which) suppresses the build-up and reinvestment of capital by indigenous business owners that are lacking the materials required to contend with vertically incorporated multinational corporations'. (Akeredolu-Ale, 1975).

Rodney (1972), assessed the colonial economic system along with the development of neo-colonialism found in Africa as a result of financial underdevelopment and subjugation of Africa after independence and after that asserted this:' African economies are incorporated into the precise framework of the advanced capitalist economies, and they are incorporated in a way which is bad to Africa and then makes certain that Africa depends on large capitalist countries'.

It is essential to bear in mind that several of the components of neo-colonial exploitation Nigeria through 1960 to date is definitely the multinational corporation operating within the nation for their homelands in which they repatriate revenue. okereke and Ekpe (2002) notice that rather than to re-invest the profits of theirs within the financial state of host nations so as to enlarge the overall economy, the multinational organizations repatriate earnings to their home countries in what is frequently described capital flights. The pursuits of the multinational corporation culminate around the flow of benefit out of the periphery (Nigeria) for the core (West), so the outcome of this is the underdevelopment of the periphery. Regardless of virtually all initiatives placed in the site by the Nigerian authorities to put a stop to neo-colonial exploitation, particularly the indigenization policies, and the Nigerian economic system remains reliant on the western capitalist economy (Mawere, 2016).

Predominantly neo-colonialism has observed in economics through this financial exploitation is cloaked with cultural and political exploitation. The components of former imperialist nations, the World Bank, as well as the IFIs and IMF had captured this chance properly to bound Africa within the neo-colonial iron curtain. The IMF and the WB are lending loans to African states with challenging terms and conditions. Debt receiving nations need to pay back with interest that was greater than that they had accepted through the representatives (Rahaman, Yeazdan and Mahmud, 2017).

2.5.2. Empirical Findings in the Literature on the Impact of IMF Programs

Although much ink has been devoted to explaining the various effects of and the channels through which the IMF influences the economy of borrowing countries, the literature has not come to an agreed-upon answer to this question. Rather, it provides policy-makers and researchers with mixed results. Accordingly, two schools of thought have emerged over the years. On one hand, scholars argued that the IMF has a positive effect on the economic growth of beneficiaries (Pastor, 1987; Gylfason, 1987; Khan, 1990; Bird, 1996). On the other hand, certain scholars were suspicious of the benefits of IMF programs, criticizing the effectiveness of the programs and conditionality (Przeworski and Vreeland, 2000; Dreher and Vaubel, 2004). Evrensel (2002), on the other hand, criticizes the literature by stating that it lacks quantitative studies on the subject matter.

Moreover, most of the quantitative studies are provided by the IMF (Reichmann and Stillson, 1978; Donovan, 1982; Goldstein and Montiel, 1986; Khan, 1990; Doroodian, 1993; Conway, 1994; Killick, 1995; Santaella, 1996; Knight and Santaella, 1997), which might cause biased results (Evrensel, 2002). Many types of research have used cross-country data to explain the effects of IMF programs on economic performance, often measured by economic growth, inflation, investment, and the balance of payments (Barro and Lee, 2005). Although the available data has been limited, researchers have made use of a great variety of methodologies to answer the same research question.

Regardless, all the studies attempted to evaluate the performance of the IMF program by comparing countries` performance with the IMF and how it would have been without IMF assistance. However, this creates a conceptual as well as a practical problem for researchers. To overcome this issue, most studies rely on either a “before-after” approach or “with-without” approach. Accordingly, the before-after strategy, as its name suggests, compare the period in which IMF assistance is used with the period prior to the IMF program. As for with-without strategy uses a group of countries which does not take assistance from the IMF as a control group so that researchers can compare the IMF program countries with them (Barro and Lee, 2005). Heckman (1988) mentioned that one of the difficulties in analyzing the effects of IMF programs is the nonrandom selection. This means that no government enters into IMF programs as a part of the experiment. Therefore, it does not allow researchers to control the treatment groups and control groups which is the reason behind the before-after and with-without methods. With these methods, researchers aim to overcome the problem of nonrandom selection (Przeworski and Vreeland, 2000).

Goldstein and Montiel (1986) suggested a new strategy, the Generalized Evaluation Estimator (GEE), to evaluate the impact of IMF programs. The GEE method first calculates the probability of participation in an IMF Program. Therefore, it is assumed to control for non-random selection into IMD programs. Also, Goldstein and Montiel (1986) used four indicators to assess the effectiveness of IMF programs. These were the ratio of the overall balance of payment to nominal GNP and the current account to nominal GDP, and the rate of CPI inflation and of growth of real GDP. Moreover, the classical instrument-variables technique is suggested as another alternative method. In this method, an instrument which is considered as exogenous to the dependent variable in the suggested economic performance equation is used to control for the endogeneity of IMF lending (Barro and Lee, 2005).

By utilizing the aforementioned methods and samples, the existing literature yields ambiguous results when it comes to explaining the impacts of IMF programs on economic growth. Accordingly, most of the studies utilizing the before-after or the with-without approaches conclude either zero impact or weak positive impact of IMF programs while a few among them report a significant positive impact of IMF programs (Haque and Kahn, 1998). On the other hand, the studies using the GEE method provide more varied results. Kahn (1990) found that while the growth in the program year diminishes, it gets better over time. By the same token, other studies (Przeworski and Vreeland, 2000; Hutchison, 2001) asserted that IMF programs bring about significant reductions in output growth. On the contrary, Conway (1994) found that IMF programs significantly raised the growth rate over the subsequent years to the program. In the same sense, Dicks-Mireaux, Mecagni, and Schadler (2000) reported that IMF programs have a statistically significant positive impact on economic growth.

Pastor (1987) analyzed the effect of IMF programs on fifteen Latin American countries between 1965 and 1981, by relying on the control-group approach. The author concluded that while the IMF program caused the improved balance of payments in the target countries, it caused deterioration in inflation and the share of labor income. More importantly, Pastor did not find a significant effect of IMF program on growth. Khan (1990), on the other hand, used the modified control-group approach used by Goldstein and Montiel (1986), as well as their four performance indicators. Khan, in his research, used two different periods: the program year (the current year) and the succeeding year.

For the first period, Khan found a statistically significant positive effect of IMF program on the current account balance and a negative effect on the rate of growth. However, the author did not reach significant results in consideration of the effect on inflation and the balance of payments, although they seemed to be positive. For the second period, Khan found a statistically significant effect of IMF on the balance of payments, the current account, and the growth effects. Furthermore, for this period, Khan reported that the size of the balance of payments and current account effects were larger compared to the first period. Yet, the effect on growth was still found to be negative and significant (Kahn, 1990).

In a series of reports by World Bank (1988; 1990; 1992), using both cross-sectional data and country studies, evaluated the effectiveness of IMF structural adjustment lending. Eight indicators were used: GDP growth; the ratio of investment to GDP; export growth; the ratio of the current account balance to GDP; the ratio of the budget balance to GDP; the inflation rate; the ratio of external debt to exports; and the ratio of debt service to exports (Corbo and Fischer, 1995, p.55). World Bank (1992) concluded that while the performance of middle-income countries was improved by all of the indicators, low-income countries did not so much benefit from growth and the export to GDP ratio, while low-income countries were worse on the investment to GDP ratio. The report showed that the increase in the rate of growth of GDP and the drop in the investment rate was the only statistically significant effects. By the same token, it has been argued by some authors (Killick, 1984; Helleiner, 1992; Taylor, 1988) that the policy reforms suggested by the IMF programs do not take into consideration the institutional constraints in the target countries, especially in the case of African countries.

Other studies also reported conflicting results regarding some other perspectives of the impact of IMF. As such, some studies found that IMF has no significant effect on inflation (Bird, 1996; Edwards and Santaella, 1993; Connors, 1979), while Reichman and Stillson (1978) reported an unclear effect of IMF programs on inflation, and Killick (1995) found that IMF program causes reduced inflation. The conflicting results of these studies on the question of whether the IMF programs have a positive effect on such short-term goals prevail in the main question as well, whether the IMF programs promote economic growth or not. In that regard, while some studies reported that the IMF programs have no significant effect on economic growth (Reichmann and Stillson, 1978; Connors, 1979; Pastor, 1987; Gylfason, 1987), Conway (1994) found that while in the first year of the program the growth declines, this negative effect diminishes in the subsequent years. For the same question, Killick (1995) reported ambiguous effects.

Despite the mixed results in the literature with respect to the impact of IMF on economic growth, relatively more recent studies (Przeworski and Vreeland, 2000; Barro and Lee, 2005), compared to the aforementioned ones, report a significant negative effect of IMF lending on growth. Accordingly, Przeworksi and Vreeland (2000) argue that governments decide to take assistance from the IMF due to the pressures of a foreign reserves crisis, but also governments want the IMF assistance to protect themselves from the political costs of adjustment policies. The authors find that the growth rate lowers during the time of IMF programs; however, once the country leaves the program, it grows a faster rate than if they continued the program, but not faster than if they had not participated the program in the first place.

Barro and Lee (2005) also provide a different perspective by arguing that the impact of IMF is also sensitive to the country`s political and economic proximity to some key stakeholders in the IMF, such as the United States, France, Germany, and the United Kingdom. While the authors measure political proximity by analyzing the voting pattern in the United Nations, they measure economic proximity by bilateral trading volumes. Therefore, by utilizing these considerations as instrumental variables in their analysis, Barro and Lee (2005) conclude that IMF lending does not have a significant impact on economic growth in the contemporaneous five-year while it holds a significant negative impact in the subsequent five-year period. These results mean that although IMF programs do not affect the economic growth in the short run, it has a significant adverse impact in the longer time period, which is specified as five years in this study.

The review of the existing literature reveals that quantitative findings are filled with mixed and inconclusive results, with the variations of suggestions that IMF programs have no effect, positive effect, or negative effect on the target countries. However, a general understanding from the literature might be that the IMF does not have a strong effect, either positive or negative. Moreover, the literature seems to be rich in a variety of methods applied.

2.5.3. Special Drawing Rights (SDR)

The SDR is a global reserve resource, developed by the IMF in 1969 to augment its member countries' official reserves. Thus far SDR 204.2 billion (equivalent to approximately US$ 291 billion) has actually been allotted to participants, which includes SDR 182.6 billion allotted in 2009 around the wake of the global fiscal crisis. The worth of the SDR is dependent on a basket of 5 currencies - the U.S. dollar, the euro, the Chinese renminbi, the Japanese yen, and also the British pound sterling. The SDR was developed as an additional global reserve resource within the context of the Bretton Woods fixed exchange fee structure. The collapse of Bretton Woods's system in 1973, as well as the change of significant currencies to floating exchange fee regimens, reduced the reliance on the SDR as an international reserve resource.

The SDR serves as the system of the bank account of the IMF and also other overseas businesses. The SDR is neither a currency nor neither a claim on the IMF. Rather, it's a potential claim about the readily available currencies of IMF participants. SDRs are usually exchanged for these currencies. The SDR value in regards to the U.S. dollar is set each day determined by the spot exchange rates observed around noon London time and also published on the IMF site ("Special Drawing Right (SDR)", 2018). The development of SDR has constantly been observed in developing nations as an insufficient but essential instrument for countering the typical issue of low reserves.

It has been regarded as limited in relation to the financing needs arising from rising volatility in exchange rate instability and international exchange earnings. While insufficient, its formation has often been viewed as an effort by industrial or developed economies to coat the reluctance of theirs to cope with the actual funding issues confronting developing nations through an IMF that appears to have been found for long as a wealthy men's club. Aboyade (1983) notes clearly that the Fund has continually associated its (foreign) forex sales and standby facilities for member nations to their respective quotas. This simply means the richer states, which happen to have (not to mention have constantly had) the maximum quotas, could also borrow the most.

It is usually unsympathetic to exchange rate policies that offer any tough prospect of impacting the present structure and pattern of global financial power while using the excuse that they might harm global trade. A large portion of its developments in the course of the most recent decade (for instance, the creation of SDRs and the creation of a Substitution Account) are more to help the currency of the rich countries and protect global solidness, than as explicit answers to the clatter of the poor nations Aboyade (1983, p.30). Wade (2002) reviews on very much the same sentiments conveyed by Triffin (1968) who had proposed that since the allocation went entirely relative to the nations' quota, it was 'as weak monetarily as it (was) ethically'. In Triffin's (1968) perspective,' the SDR designers had designed an asset which made the wealthy a lot better off'.

The US Congress along with other industrial state governments feel that you will discover a selection of great logical reasons why they must be concerned about changes in the power structure which pertains in the IMF, especially in the case that change suggests a growing utilization of SDR for reserve holdings in a number of nations. Increasing the inventory of SDR would suggest a likely minimization in the holding for reserves of us bonds among the smaller nations. Undoubtedly development of the entire SDR inventory touches America meticulously due to the importance of us dollar holdings among current reserves. Reducing the world’s reliance on dollar reserves would lessen Americans' entrance to deepening well of inexpensive credit (Clunies-Ross, 2002, p.30).

Taking into account that the majority of nations still required to boost their reserve holdings in view of broadening current and capital account fluctuations, in the case states were to attempt accomplishing this by creating a balance-of-payments surplus this would be exorbitant regarding inevitable utilization and venture. Then again, endeavoring to acquire such reserves on the global capital markets is incredibly high priced for poor nations, while several nations haven't any ability to access these markets (Clark and Polak, 2002, p.11).

2.6. Fixed to Floating Rates

The entire world financial framework created with the 1944 Bretton Woods meeting became a fixed parity ("fixed but adjustable") exchange rate framework. In effect, the United States determined the significance of its dollar in terms of other countries and gold determined the currencies of their terms of the U.S. dollar. Central banks were definitely expected to strengthen the worth of their national currencies via their domestic monetary policies and also utilization of international exchange reserves. Together with the prior consent of the IMF, nations can easily devalue their currencies in case the current par value of theirs proved unsustainable. The primary dilemma confronting the IMF within the course of this particular time period was convertibility: whether countries' currencies could be used with no restraint in world markets or perhaps if states would retain currency regulators restricting the outflow of exchange and specifying that the currencies of theirs might simply be exchanged for different currencies in their territory

Currency regulators of this precise type set significant restrictions on world trade (Sanford and Weiss, 2004, p.10). In 1971, the United States severed the link between the dollars and also gold were severed by the United States. Henceforth, the dollar was worth $ 1, as opposed to any fixed volume of other materials or gold. The gold window usually at the U.S. Treasury was sealed and despite prior official assurances, international governments no longer exchange dollars for the equivalent value of theirs in gold. This specific activity by the United States created great anxiety in world currency markets. It was not distinct the way the currency of one nation should associate in worth towards the currency of others. Some countries defined the worth of their currency in terms of gold; others affiliated their currency to a few other key currencies, meanwhile, others merely chose to permit the worth of their currency rise or perhaps fall (float) in world currency marketplaces.

Quite a few economists assume that economic strains that predated the U.S. conclusion to sever the gold-dollar link and the disruptions and financial shocks that followed are currently being experienced in various forms today. In countless respects, the present liquidity and flexibility of world financial markets can certainly be due to the decrease in barriers along with other adjustments that have transpired since the early 1970s. Ironically, it was actually the previous accomplishment in realizing the ready convertibility of significant currencies that laid the groundwork for the new structure of floating exchange rates. The worth of a country's currency was not determined at the exchange window of its central bank. Instead, the rate for convertible currencies would be determined second-to-second daily by supply as well as demand factors in the world market.

In 1978, the participants of the IMF adopted an amendment to the IMF Articles of Agreement which in turn permit fellow member nations to make a decision on their own what exchange rate method they would utilize. The amendment severed formally the link between gold and currency. IMF member nations happened to be prohibited against determining the worth of their currency in terms of gold and also the IMF was prohibited against lending gold or possibly determining its assets in regards to gold. Nations could apply any process they desired (other than making use of valuable metals as a base) for determining the worth of their currencies. Majority of key nations permit the worth of their currency float in world exchange markets right after 1978 (although they might seek to impact that valuation through changes in their domestic monetary policy or perhaps via sales or purchases in currency markets).

All other nations described the significance of their currency in terms of a fixed amount of a different country's currency. Specifically for small countries around the world, this particular really helped safeguard their economies against the pernicious negative effects of fast changes in currency values on account of certain events (a possible chance in small economies with floating rates). Nevertheless, it risked catastrophic economic crashes if (as has long been the situation sometimes in the past 3 decades) the market value, as well as official exchange rates for their currencies diverged and also the central bank didn't have adequate foreign exchange reserves to counterbalance market pressures for devaluation (p.12).

2.7. Financial Liberalization and IMF Policy

Economic liberalization in the developing nations coincided with an important liquidity boom in the Western nations. The scope and size of capital flow heightened substantially throughout the 1990s. Rather than a fairly minor amount of banks' lending to international governments, as was the situation in the 1980s, developing nations switched towards the latest international capital markets and happened to be raising revenue via the issuance of private capital and sovereign debt flows. In recent times, major crises have transpired when governments permitted banks in their country to borrow significant varieties of short-term funds from abroad in an effort to fund long-term undertakings (a standard debit/asset mismatch). Difficulties transpired when, in an unstable predicament, the creditors discovered that a country's central bank lacked adequate resources to deal with all of the short-term obligations that have been scheduled to occur.

In that case, as opposed to merely rolling over their loans, as was the standard practice of theirs from the past, creditors all desired to acquire their money out as a way to avoid default. This generally precipitated a collapse which in turn entangled creditors in the very predicament they wanted to avoid. The expanded significance of private capital markets, and also the discussion of its effects on developing nation policymaking have received a significant impact on IMF functions. Rather than simply being the main figure, as in the classic fixed-parity structure, the IMF turned out to be simply an additional participant (though arguably the most significant one) in the world financial system. Since 1979, just developing nations have come to the IMF for assistance in coping with their international monetary problems.

The major nations have managed their problems on their own, through alterations in their financial and also exchange rate policies and via the G-7. This has had an important effect on the task of the IMF. It's had to deal progressively with the actual demands of developing nations wherein, although it's not really a development organization, the IMF's operations and policies are able to have a huge influence on development prospects. It has driven the IMF to grapple with new problems that weren't an important part of its original mandate. These include things like capacity building in states with poor institutions, development policy issues, the dissemination of info regarding financial policies and conditions in member nations, as well as the creation of guidelines and standards for global economic and financial strategies. Additionally, the IMF has had to rethink its crisis prediction as well as relief activities.

The IMF functions on the basic idea that the liberalization of trade hurdles as well as reductions in currency constraints will bolster the world financial state and also raise living standards in individual states. Until of late, it also frequently claimed that the majority of BOP crises in states stemmed primarily from inappropriate financial as well as monetary policies resulting in bad macroeconomic performance. The IMF's standard solution included procedures to minimize the borrower country's budget deficit, to increase interest rates, and to adjust downward the global worth of the country's currency to be able to set the basis for potential development (Sanford and Weiss, 2004, pp.12 – 13).

2.7.1. Washington Consensus

Does the question arise on how financial liberalization extended to the developing world? The clear cut answer should be through *'globalization'.* Specifically, in references to 'neoliberal globalization' that occurred in the brink of the Latin American Debt crises in the 1970s. This has been attributed to two key players the United States president Ronald Reagan and then Prime Minister of the United Kingdom Margaret Thatcher who was also referred to as the *'Iron Lady'.* Does the question then arise what does this have to do with the IMF loan policies? Apparently, as most economies achieved its independence (politically), these economies were left without an option rather than join and economic system which in turn would not favor their growing economies. This was only achievable through the dissemination of policies which the developed countries perceived was the right channel to offset their (developing nations) balance of payment troubles. The dissemination came through an ideology referred to as the Washington Consensus (WC).

In broad terminology, this strategy suggests that governments must change their policies and also, in particular:

(a) Focus on macroeconomic stability by regulating inflation as well as decreasing financial deficits;

(b) Open their economies towards the majority of the world via trade and also capital account liberalization, and

(c) Liberalize domestic products and also factor markets via deregulation and privatization. Propagated via the stabilization and structural adjustment policies, from the International Monetary Fund (IMF) along with World Bank, which continues to be the predominant procedure for development right from the early 1980s to the present (Gore, 2000).

After the economic crises of the late 1990s, the idea of "Washington Consensus" took on a far more detrimental connotation. A few argued that market-friendly financial policies have been pressured on developing nations by the IMF and through important industrial banks in an effort to generate investment possibilities in developing nations which would benefit investors from the advanced economies (Sanford and Weiss, 2004, p.13).

2.8. Why does the implementation of IMF Policies have social adverse effects on developing economies?

As stated by Stiglitz (2007) “to those in the developing world, it seemed another example of the rich old boys club imposing their will.” Despite the fact he was exclusively discussing the World Bank this particular moment, the situation of the IMF is actually identical. Although the World Bank, as well as IMF, consistently claimed they were aiding the developing community in terms of advancement, surviving in financial and economic issues and in different ways, their presence was frequently questioned. They had been criticized by exercising poor governance, marginalizing the developing society, partial policies and hypocrisy, offering harming along with distressing technical and economic support, safeguarding interests of the west (Griffith-Jones 2002; Moyo 2009; Elsayed

2016; Ismi 2004; Stiglitz 2006, Stiglitz and Tsuda 2007; Kakonen 1975; Gerber 2014; Woodward, 2007 andOberdabernig, 2001).

One key reason why these policies have adverse effects on developing economies is due to the designers of the policies. IMF's failing to offer task in the designing of programs to states in crisis is associated to become an important part of the ineffectiveness of countless projects and cause of developing countries' skepticism on IMF programs. For virtually any kind of task, say agriculture or infrastructure, the West solely developed with the aid of western experts' contributions and recommendations, after which funded by their institutions. The direct result is clear: failure of the task, exacerbating living conditions of all those poor individuals, along with basically the reimbursement of the debt in a long time. These so-called specialists, tailor tasks like they will be carried out in North West Quadrant of Washington, wherein IMF headquarters is situated. Most IFIs utilize country strategy document, as these are essential to setting up an IFI's lending goals for a specific state. In line with the country's personal visualization for the long-term development of its and also crafted by the IFI, the file lays out the IFI's assistance plan for the country. This particular technique commences by examining the reason for poverty in the public as well as determining crucial areas in which the IFI's support is able to lessen it most efficiently. The development of this approach requires considerable conversations with numerous stakeholders, which includes federal authorities, associates of civil society, non-government institution, the private sector and development agencies (The Canadian Trade Commissioner Service, 2017).

The deal is although these IFIs partially involve these developing nations, their focus is not the development of these countries, rather the security of these lenders. IMF can easily be known as the gate-keeper of these opportunist nations that want to generate revenue out of the crises. This is not merely a statement however it could easily be observed through the roles that IMF stood in practically almost all negotiations on the loans and the way in which they created the so-called Structural Adjustment Programs (SAPs). In order to obtain a loan from the IMF, nations have to first off agree to specific macroeconomic conditions as well as adjustments. These macroeconomic adjustments include: decreasing budget debt, devaluating currency, raising the interest rate and also lowering domestic credit expansion, along with other structural adjustments such as making prices clear of any sort of influence, minimizing trade restrictions and privatizing state enterprises. (Mohamed Muhumed and Gas, 2016).

These policies are also known as the “Washington Consensus” which was mentioned above, more so they are referred to as the “conditions” attached to these loans. Often, the terms of conditionality ended up being affixed with IMF loans with no due consideration for borrower countries' specific conditions as well as their perspectives. According to critics, the IMF enforced the Washington consensus upon developing economies with relatively numerous constraints. Stiglitz (2002) contends that specifications of conditionality imposed by global institutions including the IMF or perhaps World Bank were utilized as policy instruments often without taking into account the most effective pursuits of the economies interested.

With regard to a number of occurrences, the IMF may have offered inappropriate suggestions to developing economies in terms of financial and fiscal policies. For instance, Stiglitz presented an instance of Korea in which throughout the Asian financial crisis, the IMF urged the central bank of Korea to concentrate on inflation even though fiscal policy did not trigger any problem there. Stiglitz additionally recommended that the "one size fits all" strategy did not identify the unique features, as well as characteristics of the policies and different countries, may have brought about greater damage than good.

The Critics of the IMF policies argue that these policies have been utilized all at one time than sequentially - for instance, conscientious regard was not used to ascertain whether proper Institutional framework preexisted for implementation of these policies. For instance, privatization of utility organizations was suggested with no consideration for the adverse effect on unemployment. Large-scale privatization was carried out without establishing a suitable institutional framework to cope with unemployment issues which would originate from the massive layoffs by the newly created private firms that have taken over public organizations, resulting in tremendous economic and also sociable issues (Ahmed andSukar, 2018).

Secondly, conditionality has been argued by many authors as being the cause of these adverse effects. The conditionality device of IMF lending programs has two forms: structural and quantitative conditions (Bird 2009; "IMF Conditionality", 2018). The latter use the sort of quantifiable macroeconomic goals which nations have to fulfill and sustain during the entire program, for instance, credit aggregates, global reserves, financial balances, as well as external borrowing, and constitute the vast majority of conditionality up to the current (Kentikelenis et al., 2016). Though quantitative conditions might excessively limit governments' financial policy spot, policymakers are able to focus on a selection of substitute policies in order to meet them; for instance, various sorts of methods are able to produce budget deficit reductions.

On the other hand structural conditions evidently, stipulate the means which aid in matching the macroeconomic goals along with other targets. They challenge a broader variety of microeconomic reforms and manage governments less mobility. These types of reforms have ordinarily geared towards changing the fundamental framework of an economy; for example, by privatizing state-owned businesses, legislating central bank independence, deregulating labor markets, or perhaps restructuring tax systems (Kentikelenis et al., 2016). Theoretically, conditionality offers the means that IMF creditors mitigate the danger regarding lending to states, most especially developing ones. In actuality, it's been linked to worsening economic crises and lowering the capacity of a nation to offer infrastructural services.

In the earlier years, when conditions happened to be significantly less in numbers and a lot less detailed, the IMF applied what has come to be called “macro-conditionality" (Vreeland, 2006, p.23). This IMF macro-conditionality’s demanding social austerity - policies identified by taxes that are high and lessening government expenses - has continuously come under increased scrutiny by scholars and national authorities from loan recipients (Christiansen, 2013). The IMF still usually features these conditions as it views the balance of payments difficulties as challenges of excess "demand" - there is way too much ingestion of imported products. IMF policies are designed to lower this specific consumption, particularly consumption within the public sector.

This is the reason why financial conditions are imposed, in which IMF arrangements demand governments to reduce public expenditures and elevate taxes to minimize the financial deficit (Vreeland, 2006, p.23). The policy conditions linked to every single loan varies in accordance with program type, but even among programs of equal style, you will find huge variants based on each situation (Ottersen, 2013). Most developing nations have the most of the natural resources as well as the worlds' poorest population. Most of these nations produce raw materials and less finished goods, with evolving technology, the need for various manufactured goods become very important. The idea of increasing the prices of import is a doubled edged sword as this will result in the consumption of locally produced goods and less dependence on international goods. This will provide a positive effect in sectors that produce the same goods as their international counterparts such will be the clothing and textile industries. Increase import taxes on goods that are not produced by the economy will have a negative effect.

Take for instance the recent ban on frozen food products by the Nigerian economy; this has led to the reliance on domestic bred products which is positive for the economy. Imposing an increase on importation tax of cars, for instance, has proved abortive for Nigeria as well recently. With the increase in inflation and an increase in cars has made mobility very expensive and difficult simultaneously with a fall in wages, individuals at the lower class have found it very difficult going around their day to day activities. On the other hand, lowering export in other to attract foreign capital might sound attractive at the surface but deep down it hurts the economy more especially the masses. As stated above, these nations mostly trade in unfinished goods and have to compete in the international market with manufacturers of finished products these results in an unfair trading field thereby resulting in more harm for these economies.

Most of these individuals depend upon the state enterprises within the public sectors in other to obtain affordable services such as health care, education and also welfare, therefore, reduction in the public sector will relatively mean an increase in the private sector. This will in practicality mean inadequacy for the masses to access these services that subsided by the government for their benefits. But in the 1990s the typical number of conditions had multiplied, and also the number of details had become extremely huge that the term shifted to "micro conditionality". It is the micro-conditionality that has been under attack when pertaining to the management of crises after the 1990s - that the types of conditions affixed to IMF arrangements ended up being way too numerous and extremely in depth to be adhered to. In reaction to this particular criticism, the IMF has reported that insufficient dedication from the participating nations continues to be the root of the issues (Vreeland, 2006, pp. 24-25).

These conditions are the structural conditions that have been mentioned above in the literature. Nonetheless, these structural conditions will be further expanded individually in the literature below. Within reaction to problems throughout numerous essential states, the IMF offered an innovative procedure for conditionality; "ownership." Again the IMF argued that its general approach to financial crises was accurate, however, the problem was really an absence of dedication on the part of the participating nations. It must be pointed out that this latest procedure for IMF conditionality is not completely brand new it echoes the recommendations released in 1979… calling for due regard to domestic sociable and political goals and also domestic financial goals (Vreeland, 2006, p.25). A huge body of quantitative analysis is dedicated to comprehending the effects of IMF programs (Abouharb and Cingranelli 2009; Bas and Stone 2014; Dreher 2006; Nelson and Wallace 2017; Nooruddin and Simmons 2006; Oberdabernig 2013; Stubbs et al., 2016).

The majority of this work has depended on a broad-brush binary indication for whether a country is under a Fund program within a particular season as a measure of all of the organization’s engagement - plugging it into regression models and utilizing it to distinguish control and treatment groups. Notwithstanding the key input of these reports, this particular methodological approach is afflicted with 2 significant weak points. To begin with, it assumes all the IMF programs are the exact same, while - in actuality - they involve heterogeneous policy content: many have several conditions affixed, spanning numerous policy areas (126 conditions for Romania in 2004); while others call for an extremely minimal amount of measures (4 conditions for Morocco in 2013).

Secondly, the approach is not able to distinguish the consequences of IMF conditionality from various other routes of program influence; for example, via credit injections (Dreher, 2006), scaled-up technical support and policy assistance (Broome and Seabrooke 2015; "Corruption: Costs and Mitigating Strategies", 2016), aid as well as investment catalysis ("Signaling by the Fund—A Historical Review", 2004; Stubbs et al. 2016), and moral hazard (Walter and Dreher, 2010). Yet another key matter in just scientific studies in this particular area is posed by moral hazard. Usually, the term' moral hazard' refers to the circumstance wherein the provision of insurance results in the insurant having to take measures which promote the likelihood of a negative effect (Dreher, 2004).

Likewise, Lee and Shin (2008) explain that an individual within this state of affairs has significantly less motivation to manage the insured resource appropriately, which in turn could raise the chances of unwanted outcomes. Consequently, investors and governments handle fiscal assistance from global official organizations (such as the IMF or perhaps the World Bank) as being a type of insurance against negative shocks. The argument of the moral hazard occurs in Nigeria quite often. A cycle recurs nearly every decade in Nigeria. Petroleum prices weaken or perhaps crash whilst the president usually spends recklessly in an attempt to maintain onto power. He's dislodged in addition to a fresh president declares the treasury drain and also has talks together with the IMF. No package is agreed, however, the World Bank along with other donors provide more substantial loans on much less stringent circumstances.

The oil rate picks upward then it is business as always till the subsequent crash. Successive governments have had basically adequate oil funds in times during the crisis in order to state absolutely no thanks to the IMF's policies and cash, and then to secure public acclaim for standing up to it (Adams, 2016).

Lastly, just as an ordinary loan, these loans come along with charges, although the charges may seem less to nothing in a long run with these charges and interest rate accumulating over the years it may turn out disastrous to these nations obtaining these loans. To reflect the excessive amounts of lending pursuits and also the current minimal earnings on the investments of its, the IMF's primary source of revenue carries on to be fees levied over the outstanding utilization of credit. The standard fee of charge (the interest fee) on IMF financing comprises the SDR interest fee including a fixed margin conveyed in basis points.

Along with occasional costs and surcharges, the IMF additionally levies special charges, commitment fees, and service charges. A service fee of 0.5 % is levied on every drawing through the General Resources Account (GRA). A refundable dedication payment is charged on sums offered under GRA arrangements, including Stand-By Arrangements and Extended, Flexible Credit Line, in addition to Precautionary as well as Liquidity Line Arrangements, in the course of every 12-month period ("IMF Annual Report 2018; Building a Shared Future", 2018). Between 1984 and 1990, $178 billion to Western industrial banks were transferred by developing nations as well as African nations under SAP. By significantly limiting federal government investing in favor of debt reimbursement, the loan conditions of the IMF eviscerated the African Countries leaving in its wake rising hunger and poverty and in so doing violating Africa's right to advancement (Sanders, 1998). The main issue that has risen in light of criticism is that of repayment.

The IMF unquestionably has an upper hand when it comes to consequences of defaulting on debt. This has been evident since the 1980s. These institutions are almost always sure that their debtors will default and so come back to them for negotiating debt rescheduling, which is another avenue for creditors to cast a wider net in the domestic economy of their debtors. Knowing already, that these loans come with the severe burden of repayment, rescheduling places even more burden on developing countries due to a delay in maturity of some debts and even sometimes require more money the pay off some of its already matured debts. It is almost like a hole that most developing countries' economy is always not ready to climb out. Of course, the consequence is always felt by the poorest of the society, because structural adjustment programs take away the influence of the government of the state, leaving the poor vulnerable and unable to make a living, access government-funded service at reasonable prices. Then we see a trend of foreign investors trooping into the countries hoping to get their hands on what's available for grabs (Michalowski, S. 2016).

Most third world countries have taken up these loans with the repayment dates been impossible to meet as most times these loans are put into development that is on a long-term base. Nonetheless, the IMF has argued that the loan is not put into the intended uses but diverted into other things. This might be the reason and cause of these adverse effects, notwithstanding, a lot of African Countries find themselves requesting for more loan, not for the intent of development or offsetting the balance of payment problems it might have encountered but rather for servicing the old loan. This, in turn, results in a vicious cycle where states find it difficult to service their loans and default on these loans imminent. By severely restricting the government from spending in support of debt repayment, results in severe poverty and hunger. 10 African governments expended considerably more on debt repayments compared to primary health and education care combined throughout 2002. 40 % of African kids are out of college and Africa may be the sole area in which this specific amount is rising. Between 1986 and 1996, per capita, education investing fell by 0.7 % annually on average. The adult literacy amount found in Sub-Saharan Africa is 60 %, perfectly below the developing nation typical of 73 %. Over 140 million youthful Africans are illiterate. Because of the horrifying societal effect of SAPs all around Africa, it is not amusing that Emily Sikazwe, director of the Zambian anti-poverty team "Women for Change," questioned: "What would they [the World Bank as well as the IMF] state if we took them to the World Court in The Hague and then accused them of genocide? (Ismi, 2004).

Debt servicing puts a country in a trap that is difficult to get out, you have a huge sum of its budget allocated to the foreign debt burden. This puts the country in a backward movement as the rest of the world moves towards development, technological advancement, and general improvement of the life of its populace. The situation has been dire right from the onset. In 1999, the United Nations Commission on Human Rights stressed that foreign debt burden is the leading factor that affects the rights of the state to development. It requires the state to shift focus from developing and improving the general wellbeing of its citizens. Meaning that in order for developing countries to abide by that declaration, they have to really be able to use their money for specific purposes that will improve their situation and not just live them poorer than they were initially. (Michalowski, S. 2016).

2.8.1. Is the IMF a western country tool of control on developing nations?

The IMF has a great deal of power at dictating financial activities which may have a significant political effect on a nation. Undoubtedly, the membership of more than 180 nations presents International Financial Institutions (IFIs) a multilateral persona but unequal voting rights, as well as flawed quota formulation, grant disproportionate capability to a few of advanced states to regulate these institutions. What is still considerably worrisome to mention is the fact that a handful of developed-member nations (who do not borrow finances via these institutions) determine the lending conditions along with other policy concerns while the vast majority of member-countries of IFIs (who borrow finances thru these institutions) barely matter within the decision-making framework. The G-7 nations influence almost 47% of overall voting power within the IMF if states including Belgium, Netherlands, Switzerland, and Australia are integrated; the advanced ones are able to decide formal outcome essential concerns which demand a simple majority of overall votes within the IMF (Singh, 2005).

Though ostensibly basic institutions in practice, the IMF end up helping the powerful passions of western states. Because the voting power of a certain nation is not assessed by, population, for example, but by the amount of capital that nation contributes to the institutions and through various other political elements reflecting the power the country wields within the earth. Advanced nations would like to pressure the system as long as possible however unstable or perhaps imbalanced it could be since it gives them the chance to generate profits (Chang, 2003).

It's crucial to recognize that the IMF and also World Bank are accessories for powerful entities within modern society, for instance, wealthy investors and trans-national corporations. The Thistle thinks that substantial world poverty in addition to ecological devastation is definitely the outcome of the appalling focus of power in the hands of a compact minority whose visions are obstructed by dollar signs and whose passions are definitely the aggrandizement of a lot more power (Chomsky, 2000).

The United States of America exercises influence throughout the world financial structure by working with and also through others. Regardless of the unilateral tendencies of its, it might certainly not assure the international order by itself. IFIs happen to be crucial to the United States as a technique of controlling crises in, and coordination of the world financial state, and of guaranteeing continued entry to marketplaces for prosperous states. These organizations, while not ostensibly under US power, are an important arm of United States imperial ability, extending US Influence further than the boundaries of inter-state associations (Burman, 2007).

According to Pellow (2007), the intensified expansion of financial globalization, as an end result of Bretton Woods Agreement, which in turn created the International Monetary Fund (IMF) and The world bank, facilitating the utilization of the market development as a means to increase and sustain European and U.S. influence of international south nations via the expanded visibility of transnational corporations (TNCs) (that is, neo-colonialism).

Within the past ten years, the IMF has forfeited the majority of its power within developing nations and, due to this fact; Washington has lost its most crucial method of influence over its policies. These 2 institutions are manipulated by Washington, with various quantities of input from various other wealthy nations, since their founding almost 7 decades back. The globe's vast majority has typically permitted the affluent states to operate the show within the IMF (Weisbrot, 2016).

The World and IMF Bank have progressed via severe criticism as a lot of individual queries the objective towards the presence of these IFIs. Whether they exist to aid the developing world or safeguard the pursuits of the affluent, decision-making along with transparency and the efficacy as well as the impartiality of the policies of theirs, technical assistance and financial aid as well (Muhumed, and Gaas, 2016).

There is a solid condemnation coming from developing nations that notice IMF programs as risks to their political and economic sovereignty. So far as the financial independence is involved, conditionality - the conditions which international major figures oblige to states to attain standard that it is able to take through loan coming from IMF - weaken national independence (Stiglitz 2006). This is because financial independence is fundamental for advancement in equally individual and federal government level. Giving up financial sovereignty not merely provides the west entry to loot resources of that particular land but additionally, it undermines service delivery of these governments. Found in accordance with the world economic freedom article in 2003, nations with the minimum financial independence have the littlest revenue (O' Driscoll et. all, 2003; Muhumed, and Gaas, 2016). The methods at which these nations administer control is via the loans and the conditions linked to it. Found in words of former Argentinean president Nestor Kirchner, paying off the fund will create independence for National decisions (Garcia, 2015).

In summary, it's possible or right to say Western countries control the global South via the IMF as they have the highest amount of quotas, funds and voting power. Hence they dictate and decide how and what conditions will be exerted in these nations. The use of these conditions is where their power lies. As previously stated, the IFIs are there to serve the interest of the western nations and not the borrowing nations. The form of control observed here is informal or indirect control.

2.9. Case Study

Nigeria, having a populace of approximately 201 million, is Africa's most populated nation and the Continent's third-largest economy. Nigeria just as any other developing nation was ravaged by colonialism. For Nigeria, it was a blessing that the colonial masters had not discovered oil earlier prior to independence in 1960. Oil was discovered in 1956 in Niger Delta, in an unprecedented argument it could be said to be another key reason for the fight towards independence. It is also a curse as oil has brought forth more problems within society. Prior to oil discovery, Agricultural sector was the dominant sector with cash crops such as cocoa, groundnut and so on. Nonetheless, the nation was import-dependent for its other needs and it still is in the 21st century.

Over the 1970s, Nigeria changed from an inadequate agricultural economy right into basically abundant, oil-dominated one. In 1969 the petroleum sector accounted for less 3% of GDP and a moderate $ 370 million in exports (42 % of entire exports); per capita revenue was just $ 130, and more compared to half of GDP was gained from the agricultural industry. After finding and exploration of crude oil, the overall economy encountered numerous indications of the "Dutch disease", (a sudden influx of foreign-exchange income that causes inflation and results in neglect of investment in other parts of the economy) with the actual effective exchange fee appreciating progressively for the duration of the 1970s.

Despite the remarkable increase in crude oil profits in the 1970s, the Government did not reinforce public funds. The unnecessary expansion of public expenses, from a typical of 13% of GDP in the course of 1970-73 to 25% in 1974-80, placed the financial stability from a compact surplus to a debt, averaging 2½ % of GDP a year. The financial policy orientation throughout the 1970s left the nation ill-equipped for any eventual collapse of petroleum rates within the 1st half of the 1980s. Public investment was concentrated in pricey, and sometimes ill-suited, infrastructure tasks with questionable prices of return along with large recurrent expense ramifications, while the agricultural industry was mostly overlooked.

Nigeria's manufacturing policy was inward-looking, with a huge focus on protection and federal government controls, which bred an uncompetitive production industry. Nevertheless, Nigeria's overall economy has continued to be predominant in Africa.

Hence, the significant fall in petroleum export revenues entailed a clear degeneration in the country’s public funds and balance of payments. This resulted in economic deterioration and recession as manifested by financial issues, international exchange deficit, the balance of payments and debt problems, increased the rate of unemployment, adverse financial progression, to note a few.

The derailing economy prompted the Economic Stabilization Act of 1982 under the regime of Shehu Shagari. These stabilization procedures had been, to a huge degree, carried out by management regulators that include a major tightening of import regulators, the imposition of exchange constraints on existing global transactions, significant spikes in customs tariffs, the launch of an advance import deposit program, and ceilings on overall central bank international exchange disbursements.

The worsening financial and economic illnesses resulted in a military coup on the 31st of December 1983. The new regime under General Muhammed Buhari desired to reinforce the 1982 austerity precautions by extra tightening economic policies and introducing increasingly management regulators. The federal government likewise carried out the counter trade policy in the light of financial situations which existed then. This was geared towards reviving the crumbling financial state thru the provision of raw materials that were required in industries, preventing more closure of industries, aiding in minimizing the unemployment difficulties and, possibly, Reducing the rising inflation.

The authority's austerity actions attained a bit of accomplishment by 1985; inflation fell to just one digit, the external current account moved from debt to balanced positions, along with real GDP growth jumped to 9.5%. The significant growth in real GDP was principal to an increased amount of petroleum output arising with the upward adjustment of OPEC quotas and towards the recuperation of agricultural industry out of a two-year drought.

The Babaginda governing administration made a decision to toss the choice of whether or not to take the IMF loan to the overall general public by means of debate. This was as the leadership sensed that taking the loan would include certain hardships on the citizens, and not taking the loan is going to have exactly the same result since creditors would not permit additional imports of raw resources for the industries. Individuals who participated in the discussion represented various stakeholders within society. There was the group out of the organized private industry who happen to be business persons, all those coming from the academia, religious organization, socio-cultural communities as well as people with various societal and ideological backgrounds. Although many such as nationalists, communists and the government was wanted by the academia to refuse the IMF and the conditionality of its, several like the industrialists and the bankers found the necessity for the loan. (Nairametrics.com, n.d.).

The public discussion legitimized Babangida's need to institute SAP procedures, thus making feasible a debt rescheduling; nonetheless, it had taken the unusual style of decreasing an IMF loan to aid with all the changeover operation. Since there was clearly zero IMF participation, virtually all of the monitoring of the Sap transpired through the World Bank. In June 1986 Nigeria formally instituted a Structural Adjustment Program, opening the door to new lines and debt rescheduling of credit. The debt rescheduling authorized the majority of the reimbursement of current loans to become forced back to 1991 and later (Falola and Heaton, 2008).

2.9.1 Structural Conditions

The above section has highlighted these structural conditions as a party to the adverse effects attributed to IMF loans. Amongst all the key factors mentioned above as well as in the literature, developing countries point of contention has always been these structural conditions attached to the loan. Over the years the IMF has come under strong criticisms on this issue. Although the IMF claimed to reform its loans and its conditions along the years, the case has remained constant with every loan. The Structural Adjustment policies unlike the other IMF policies offer loans at low interests (0.5%) and gives a repayment period of five to ten years. why are most countries hesitant in collecting these loans then? The answer all lies within the conditional ties that are been attached.

2.9.2 Reducing government expenditure

Cornia cites a 1986 IMF discovering that cutting down key federal government expenses was mandated in 91 % of programs as well as lessening finances deficits for a share of gross domestic product (GDP) was recommended in 83% Edwards, in his 1989 survey of 34 upper-tranche IMF programs, hit related conclusions, finding that 76% of programs contained controls on federal government expenditures. These downward pressures on authorities spending had been even further exacerbated through the loss of revenues caused by the privatization of state-owned enterprises, especially when these were definitely successful. Revenues are more difficult to rise because a lot of developing nations do not have the essential extractive potential and increasing taxes is usually considered distortionary (Mahdavi, 2004). Thus, governments seeking to lessen deficits tend to be more prone to stress-reducing spending "by minimizing financial aid, public-enterprise deficits, government expenditures, public-sector wages, and public employment" (Bienen and Gersovitz, 1985).

Indeed, Cho discovers that, under IMF programs, governments frequently do not cut down the deficits of theirs effectively, but simply as they neglect to increase their revenues even while they do become a success in reducing expenditure (Cho, 2004). The cutback in federal government expenditures impacted the social well-being of the masses, as consumer charges have been launched into the national health structure, and education budgets were reduced. Cornia (1987) cites the cancellation associated with a budget-financed child-feeding program [as] component of a general attempt to minimize the financial deficit." that he alleges resulted in a statistically substantial national rise in child mortality. Similarly, Pinstrup-Andersen, Jaramillo, along with Stewart (1987) discover that the concern of cuts in federal government expenditures as an outcome of adjustment programs fall largely on financial services and the very least on protection, with education and overall health cascading in between.

Developing countries Nigeria being one of them has many urgent human needs which require government attention intervention such as health care, water, sanitation, and education. Government spending on these key life supporting sectors has been reduced as per the IMF Structural Adjustment Policies. These policies reduce access to health care and social services in two ways: the reduction of household income and also the reduction of government spending. This has led to a continued decline in the education level of approximately 0.7% per year. While other countries not enrolled to IMF are working towards improving their education those who have subscribed to IMF are lagging behind. The health care which should be free to every citizen has now been subjected to charging small charges which may not be affordable by every citizen, this has, in the long run, increased the number of deaths per year health care services is not available to all citizens. The increased number of deaths shows how much of productive labor a country is losing resulting in underperformance in the industrial sector (Naiman and Watkins, 1999).

The IMF has the urgency of this sort of critiques and, around 2003, its Independent Evaluation Office (IEO) released an extensive overview of the fiscal adjustment programs of its. Its results suggest that a lot of the criticisms assessed previously mentioned are baseless. Declaring that the proof doesn't help support the notion that programs generally concerned with austerity focusing on reductions in current account financial deficits or even in public expenditures (International Monetary Fund, 2003).

2.9.3 Privatization of government enterprises

Privatization is regularly utilized pertaining to the sale of any a publicly owned enterprise (POE)'s shares or asset to private firms or the individuals. Nevertheless, this particular description provides merely a narrow meaning of privatization is given by this specific definition. Using a much wider meaning, it means to limit the government’s role and to put ahead a few policies or methods to be able to strengthen the free industry economic system (Can Aktan, 1995).

Privatization has become a vital component of the structural change in numerous developing as well as transition economies throughout the previous decade. Governments commencing privatization have pursued an assortment of objectives: attaining profits in financial effectiveness, due to the considerable occurrence of bad financial functionality of public businesses in many countries and limited success with the reform of theirs; and enhancing the financial position, especially in instances where governments were unable or unwilling to still fund deficits in the public business sector (Davis, Ossowski, Richardson and Barnett, 2000).

Privatization in Nigeria was launched by the privatization and commercialization Decree of 1988 within the Structural Adjustment Programs (SAP) around the Babangida regimen (1985-1993). The 1988 decree established the Technical Committee on Privatization and Commercialization (TCPC) underneath the chairmanship of Dr. Hamza Zayyad. He was mandated to privatize 3 public businesses as well as commercialize thirty-four others, around 1993, the TCPC realized its assignment and also submitted a final statement privatizing eighty-eight from the 3 businesses enumerated within the Decree. In line with the suggestion of the TCPC, the Federal Military Authority promulgated the Bureau for public enterprises Act of 1993 that repealed the 1988 Act and then set up the Bureau of public enterprises (BPE) to put into practice the privatization program in Nigeria. Throughout 1999, the Federal authorities enacted the public enterprises (Commercialization and Privatization) Act which in turn developed the National Council on privatization under the chairmanship of the Vice President Alhaji Atiku Abubakar (Igbuzor, 2003).

Nevertheless, this specific program of transfer was completed by the Olusegun Obasanjo's administration after 1999. Regrettably, the program merely ended up supplying a few powerful Nigerians the chance to obtain those properties for themselves at really cheap rates even though the intent behind the policy continues to be dangling in the air. The functions for what public businesses were established include; offering non-profitable services to the population, serving as tools for the quest for distributional objectives, as well as creating work possibilities (Eke and Chiazor, 2017). Twenty-eight years have elapsed since the policy was set up, however, Nigerians cannot point out assuredly how the goals of the privatization policy were realized. The policy was geared towards delivering Nigeria out of the economic quagmire of her but this has not been realized (Jerome, 1991). The conditions which resulted in the initiation of this policy have not changed; corruption is also the order of the day and in reality, it is eventually getting beyond solution.

The results of privatization policy in Nigeria thus far has not been advantageous to the majority of Nigerians contrary to the objective of privatization that was to benefit and also safeguard nearly all. A lot of people thus observe the privatization policy as parcel and part of financial exploitation of all of the masses (Eke andChiazor, 2017). The policy has carried on to foster retrenchment and unemployment in many of the privatized companies. Thus, a closer look at the performance thus far has revealed that it has made the poor to be poorer and has decreased the vast majority of individual’s ability to access fundamental services and goods via increased costs of commodities. A lot of people have likewise protested that privatization has not merely led a lot of people to be deprived of the jobs of theirs but has additionally gone against the principles and functions of the establishment of numerous enterprises. The function is often believed to remain not authentic because quite a lot of the companies had been offered to a handful of privileged Nigerians that have access to federal government funds.

This is the simplest way of making a couple of individuals wealthy at the cost of the vast majority of Nigerians, that continued to get poor and poorer (Azelama, 2002). Debates were rife to protect against privatization. Several of the critics hinged the arguments of theirs on the external motivation of privatization. As reported by them, the concept was not home-grown and thus, it is engineered to support the interests of its initiators. Resentment against privatization is intensified simply because a significant amount of the bigger businesses becoming privatized are purchased over by international interests. As outlined by the World Bank (2003) nearly all privatization accomplishment accounts originate from high revenue and also middle-income nations. Privatization is a lot easier to launch and much more prone to generate an optimistic outcome whenever the business functions within a competitive market and once the nation possesses a market-friendly policy environment and an effective potential to manage.

The poorer the nation, the longer the chances against privatization providing its anticipated benefits, and the more challenging the procedure of setting up the surface for sale. Virtually any sharp onlooker of Nigeria's financial setting is going to know that the conditions are completely lacking. This is the reason apologist of privatization insists that just about any privatization program needs to be an element and also parcel associated with an extensive public sphere change package (Jerome, 1991). Nevertheless, it's been argued that the Nigerian privatization exercise is not accompanied or even preceded by an articulated and property phased public sphere reform and it will consequently not end in more effective creation of public commodities, neither can it make any important beneficial effect to financial stability (Amadi, 2003).

2.9.4 Elimination of government subsidies and price control

Nigeria as a nation has been blessed with a vast range of natural resources; oil seems to be the most prominent and excavated natural resource in the nation. With this, the economy solely depends upon this natural resource; this makes Nigeria susceptible to a lot of dilemmas that could arise from the fall in the global demand and supply as well as the prices. Subsidy on oil products is a consistent thing about Nigeria's financial policy instrument after the discovery of petroleum. The nation has typically subsidized oil products owing to a selection of factors including the prevalent notion that being an important petroleum producer, its people are permitted to relish oil products at prices that are discounted; Prices of products and services are extremely hypersensitive to adjustments in the rates of oil products; The perception that trying to keep oil products rates minimal is crucial to compensate for the nation’s state of the transport system as well as power supply (Jelilov and Alimi, 2017).

The gas subsidy was prior to the arrival of the Jonathan administration, a policy of federal authorities intended to aid the citizens of Nigeria to cushion the consequences of the economic hardship of theirs. Conceptually, gas subsidy seeks to improve financial capability but additionally acknowledge the implied economic losses by it in the spirit of its national burden to ascertain the health and wellbeing of the population. Quite simply, assuming an item, such as gas, is selling for ₦141 a liter, but for several choices, it can't be distributed at that particular price but at N97 a liter and provided that the federal government subsequently accepts paying the difference between ₦141 and ₦97, that's ₦44, this basically signifies that there's an aid to the tune of ₦85 for each liter acquired in the filling terminals (Onyishi, Eme, and Emeh, 2012, p.61). The surge would trigger hyperinflation of costs in the customer products niche and therefore compounded poverty. Removing gas subsidy has likewise impacted the price of commodities at the assorted marketplaces within the metropolis. Currently, the official pump price is ₦145; nonetheless, it ranges between ₦142- ₦155 having an average of ₦147.50.

Additionally, regarded as essential towards the economy as the gas subsidy dilemma is the provision of work for teeming Nigerian students getting churned out annually by tertiary institutions. Unemployment has led to a great deal of brain-drain that there are lots of Nigerians employed in and contributing to the advancement of various other nations. But since it is not everyone that has the capability to depart the shores of the nation, unemployment has carried on to surge in the nation (p.70). Paradoxically, the gas subsidization which ought to be an assisting component to the poor and also the poorest has grown to be chance for public finances embezzlement by corrupt stakeholders within the downstream sphere and they have additionally become considerably more advantageous to the prosperous within the society (the vast majority of customers of this specific subsidized fuel). An inference that it is unwise for the federal government to forge forward with that, specifically contemplating exactly what the state treasury will be like future, in case the system is sustained.

This financial assistance is targeted at guaranteeing the well-being of the masses (at the very least partly) by making the energy along with fuel more inexpensive and available to them, which becomes greatly welcomed within a developing nation having a minimal per capita earnings of two dollars a day.' Worldwide, fossil fuels are nevertheless essentially the most intensely subsidized sources of energy on an overall basis, (UNEP, 2008:10; Jello and Alima, 2017).

2.9.5 Currency Devaluation

Devaluation is a conscious minimization in the worth of a country’s currency in relation to the currencies of various other nations. Devaluation differs from depreciation. While devaluation is purposeful, depreciation of the currency is induced by several macroeconomic components. Devaluation is utilized to dissuade import and then promote the export of services and goods across borders. Nigeria as a nation is an overall importer of merchandise in contrast to a total exporter. Indicating we are an import-dependent economy. Our extreme reliance on foreign goods and services proves more detrimental effects than positive due to naira devaluation.

Depreciation or devaluation of a country’s currency is typically initiated once the nation is encountering a negative Balance of Payment or Balance of Trade (BOP/BOT) issues or perhaps by worsening financial factors transmitted directly into the domestic economic system from the international market today's devaluation of the Naira is associated with shocks emanating from the cascading petroleum rate pushed by an international supply glut along with a decreasing world requirement for petroleum (Oyedokun, 2016).

According to Sote (2017), One might have to check out the economics of currency devaluation right before examining the politics: In theory, products imported from a nation whose currency is more powerful compared to yours are typically pricier compared to commodities produced within the country of yours.

The simple fact of Nigeria's overall economy is the fact that the costs of locally manufactured commodities, in which you are able to purchase them, are often above those of imported products - which includes all those coming from nations with more powerful currencies. It worsens whenever the naira "suffers" the thump of devaluation which is highly recommended by a wily IMF and also carried out by a forlorn CBN which concurs to devalue the naira devoid of thinking about financial realities in Nigeria.

Nigeria in 1973 cuddles the first currency devaluation of her at 10 % in reaction to US devaluation of the same year at international exchange reserves advancement at 773.5 % in 1974 (Samuel, Udo and Imolemen, 2018).

For mostly monolithic economy, one which mainly is dependent upon petroleum, the hope that a devalued naira is going to drive export of localized products, which do not really exist within the essential quantity, for now, can create more load on the population, the main reason being that the price of consumables, throughout the board, will escalate. Once you mix the result of an inflation-induced policy on an economy, against the individuals who do not have a corresponding buying capability, by reason of unemployment, the effects are a bit better imagined compared to knowledgeable. An additional concern will be that Nigeria is going to have greater challenges in compensating its external debts, which happen to be on a progression trajectory. Earning much less international exchange in the face of rising external debts is an ill-wind that strikes nobody positive (Ebulu and Nweze, 2014).

In Nigeria, business parameters are adversely impacted by the increase in inflation rate, hence lessening the purchasing power of the population alongside increase in the rate of unemployment (Samuel, Udo and Imolemen, 2018).

Prior to 1973, the US dollar was equal to the Naira $1=₦1. It was stated that the fuel to Nigeria's underdevelopment was the devaluation of its currency. Today the Naira has different exchange rates from the official to the black market rate. The official rate sits at ₦307 meanwhile the black market rate is ₦360. Accessing the official rate comes with a tedious process which is rarely accessible. In most situations, Nigerians who need the foreign currency for health, education, business and so on are left at the mercy of the black market rates.

One ought to see the effects of these policies. Despite the fact they may present some positives compared to the negative impacts, the negatives may stand a more rigorous print on society. Acknowledging the fact that other factors may hinder development such as corruption amongst others, the IMF policies just fueled these factors in deepening harsh conditions these nations were already living in.

CHAPTER 3

METHODOLOGY

3.1. Introduction

Through this chapter, explanation is established around the research design as well as investigation strategies employed for the study analysis. It points out the sampling approach and also samples in terms of size which were employed for research. The information collection procedure and also techniques also are discussed in addition to the information assessment. It describes the manner by which the researcher ascertained integrity was definitely regarded in completing the research study. The reason for the validity and also the reliability of the study are prepared within the section.

3.2. Research Design

The design will be the master classification, by "designs", we refer at this point to the standard technique of obtaining evidence: surveys, interview, tests, observation (participants and also naturalistic), archival study (textual archives) and data, along with blends of these strategies. The design is essential given that everything eventually moves from the design option, and since this option is the single most intently connected towards the investigator's research queries along with theories (Vogt, Gardner, and Haeffele, 2012).

The research analysis was mixed in dynamics. It is an exploration design which is employed to respond to the question "why" within the research subject. It helps the researcher in evaluating data meticulously within a certain context.

3.3. Research method

Mixed methods research is a research design aided by the philosophical presumption in addition to forms of inquiry. Being a strategy, it requires philosophical assumptions that will guide the course of the mixture and the collection of quantitative and qualitative methods within a number of phases of the study activity. Being a method, it concentrates on gathering, examining, as well as combining both qualitative and quantitative information in one single series or study of research. The central premise of it is the fact that the utilization of qualitative and quantitative methods, in collaboration, offers a clear comprehension of research issues compared to both methods on its own (Creswell and Clark, 2007).

Mixed method consist of various types. In this study, concurrent mixed method was utilized specifically the concurrent nested model. Through concurrent nested designs, both quantitative and qualitative information are gathered up in the course of the same phase, however, one style of information is granted additional weight over the other. (Creswell, & Clark, 2003).

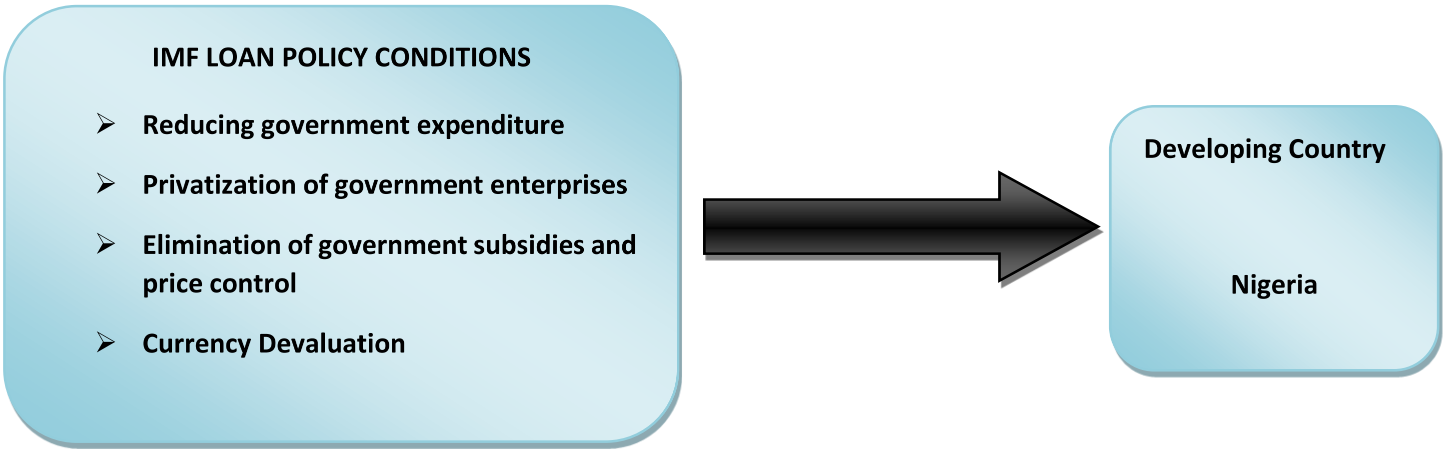
In conducting mixed method three decision must be taken into consideration; the timing, weight and integration approach. The timing of this research was not sequential in nature. It was concurrent. Concurrent timing comes about if the researcher implements simultaneously qualitative and quantitative approaches throughout a single stage of the study analysis. Consequently the qualitative and quantitative information are gathered up, examined, and also interpreted at precisely the same moment. Weighting represents the relative significance or perhaps priority of the qualitative and quantitative techniques to responding to the study’s queries. This decision has been labeled as the "priority decision" (Morgan, 1998; Creswell, & Clark, 2007) given that a researcher determines if each method will likely have identical precedence or one strategy will enjoy a greater consideration compared to other. The weighting in this research is unequal as top priority is given to the qualitative method in comparison to the quantitative. The last stage used for the integration approach is the embedding data at the design level. The researcher embedded a larger qualitative research with a relatively less quantitative data (Creswell, & Clark, 2007).

The research made use of mixed methods as it offers a lot more proof for studying a research problem as opposed to either qualitative or quantitative research on its own. Researchers can make use of all of the tools of data collection accessible as opposed to simply being restricted with the sorts of data collection commonly linked with either research independently.

The research study goal would be learning how IMF loans impact development within a developing nation. The reason behind utilizing this strategy was that the researcher desired to evaluate what others had accomplished as well as obtaining fresh insights concerning the subject through feedback from what people considered about the loan implementation and also the way they looked at these policies affect developing on the world. This will aid the researcher in acquiring a clear comprehension of other individual’s notions concerning the subject at hand. The case study was helpful to obtain an exhaustive comprehensive knowledge of how the loan policies had a powerful aspect in Nigeria. The research was carried out in a single department of the CBN that resulted in being focused on people situated within a single department of specialty in the institution.

3.4. Research Model for the study

Conceptual model



The selected IMF loan policies amongst others and its influence on developing nations are supported by the liberalization and dependency theories in chapter 2 of the research. The IMF loan policy signifies the independent variable that influences a developing nation (Nigeria) is the dependent variable in the research study

3.5. Sample procedure

3.5.1. Sample size

Sampling is the method of choosing units (most frequently individuals, groups, along with business, but often texts as diaries, internet conversation boards and blog sites or perhaps graphic images) originating from a public of desire so that by examining the sample you are able to generalize the results of yours to the public from which the units had been chosen (Trochim, Donnelly and Arora, 2016). The sample concentrates on personnel from the development finance division of the CBN. The participants on the research study integrated simultaneously female and males of ages in between 20 to 65 years situated in the organization. The sample size of the study was confined to 50 individuals since qualitative exploration centers on a little test size.

The researcher made use of a semi-structured questionnaire which is probably the most widely used for development situations since the mixed format of theirs allows them to be ideal within a diverse variety of circumstance (Desai and Potter, 2006).

3.5.2. Sampling methods

Sampling methods could be categorized into 2 wide categories: probability and nonprobability sampling. Nonprobability sampling does not include arbitrary choice. For this particular research, nonprobability sampling was utilized for this study. In nonprobability sampling, the sample is selected in such a manner that the possibility of the unit getting selected is not known. Individuals are reluctant to add info that is honest when circumstances that bring up ethical considerations impede the researcher from contacting all the individuals within the sample. The quota sampling strategy was applied for this research. (Trochim, Donnelly and Arora, 2016).

The standard notion of quota sampling is usually to establish a target amount of completed interviews with certain subgroups of the population of desire. The sampling process then simply proceeds to utilize a nonrandom selection mechanism before the preferred number of completed interviews is acquired for every subgroup (Lavrakas, 2008). The advantages of employing quota sampling consist of the collection of primary information are carried out in a quicker manner and it is an economical technique to the researcher (Saunders et al., 2012).

A significant issue with quota sampling is the creation of unidentified sampling biases within the survey estimates (Lavrakas, 2008).

3.6. Sources of Data

The research study entailed both primary and secondary data. The fore was collected via the use of questionnaires filled by the participants. Collection of data was conducted from selected employees who partook in the study during their leisure time. Participant selection was made by using a specific department. The latter was focused on former researches that were conducted regarding the IMF loan policies and developing nations which entailed the use of relevant books, scholarly articles, and journals written in regards to the study.

3.7. Research Instrument

This particular section of the thesis can also be referred to as equipment for obtaining information, research equipment, instrumentation or instrumentation and information collection (Ariola, 2006). Semi-structured questionnaire was chosen as the research instrument for the research study in accordance with the research topic. The mixed nature of the study prompted the choice of this instrument due to its ability to acquire information that is structured but yet detailed from participants. The research focused on employees in one department which aided in examining the loan policies that affect the nation. The selection of the research instrument was influenced by the objective of the study which was in line with the area being researched.

3.8. Data Analysis

Integrative methods have been viewed for being among the strategies utilized in examining data in a mixed method of nature. The technique which was applied in examining data should remain in line with the research strategy utilized in the study. Typically, as mentioned by Creswell and Clark (2007), Data analysis in mixed methods study involves examining the quantitative information applying quantitative strategies and the qualitative data utilizing qualitative approaches.

Caracelli and Greene determine 4 unique analytical methods for combining qualitative and quantitative data. To begin with, the researchers might pick data transformation, in which one sort of data is transformed into the opposite form, therefore, they are able to be examined collectively, next, the researcher might create a typology via the evaluation of one data type then utilize the typology to assess the other kind. A third choice is using severe situation assessment by determining intense situations in a single data set then evaluating the cases even further with the other sort. Fourth, investigations might consolidate or perhaps merge results from both data sets to develop new variables employed in further analyses (Clark and Creswell, 2008).

It may be argued that until a more qualitative evaluation is performed to expand or even broaden the outcomes of content assessment, it cannot actually be regarded as a mixed method. Mayring (2000) defined qualitative content evaluations as a process in which groups to be employed in the studies are first derived inductively through the content (Teddlie, and Tashakkori, 2003).

3.9. Ethical Considerations

The norms, values as well as morals evaluation of participants within the study is acknowledged as research ethics (Stockley and Balkwill, 2013). The participant's identity was preserved confidential and private thus anonymity was important. The consent of the participants was sort prior to them participating in the study thus they were not persuaded or even pressured to participate. Participants had the choice of withdrawing from the interview prior right before it commenced. Every participant was labeled with figures as a way for none disclosure of the private details of theirs in terms of adding their names which prompted for information to become quicker and easier to acquire. The collection of information was gathered from participants was sorely employed for the research objective. Participants partook in the study as a result of anonymity component which was regarded by the researcher.

3.10. Reliability and Validity

Bouma (2001) described validity as the meticulousness of data collecting on an instrument that decides what is being assessed by the instrument utilized. A blunder which was realized of incorrectly organized questions concerns which may have yielded unwanted replies from participants was amended in the moment prior to questionnaires had been completed. The semi-structured questionnaires were utilized in the collection of data that made the study to be reliable. The designing of the questionnaires guaranteed validity thus the risk that data will be bias was minimized significantly. Procedures were considered by the researcher to guarantee the outcome was reliable. The rationale that the researcher acquired a reaction rate which was optimum from participants was primarily due to the preventive way of measuring ambiguity that he captured.

CHAPTER 4

RESULTS AND ANALYSIS

4.1. Introduction

This chapter concentrates on the outcomes which were attained through the questionnaires which were administered by the researcher. Themes were classified right from the replies which were provided by individuals which assisted in categorizing replies into sub themes. The analysis will include both qualitative and quantitative where the open-ended questions will be done qualitatively and the structured questions quantitatively.

4.2. Sample background

As earlier stated, the sample will be focused on the Development finance department of the CBN. A simple random sampling was carried out in the research. This design centered on creating the participants' backgrounds in terms of their gender and age. The ages of all of the participants were between 20 and above which captured concern that a few employees participants within the institution that are of age. The table below highlights a summary of the participants who contributed to the study.

Table 2: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	11	22.0	22.0	22.0
	male	39	78.0	78.0	100.0
	Total	50	100.0	100.0	

Table 3: Age group

		Frequency	Percent %	Valid Percent	Cumulative Percent %
Valid	21 to 30	3	6.0	6.0	6.0
	31 to 40	16	32.0	32.0	38.0
	41 to 50	22	44.0	44.0	82.0
	Over 50	9	18.0	18.0	100.0
	Total	50	100.0	100.0	

The research highlights an under-representation of female as seen in table 2 and the domination of a specific age group within the organizations department in table 3.

4.3. What is your understanding of the IMF Loan Policy?

In this theme, the researchers' aim is to establish the general understanding of what participants comprehends by the IMF loan policies. The answers were categorized into themes through coding and categorization. The table below showcases sample answers obtained.

Table 4: Qualitative comments from participants.

Category	***n***	**%**	**Sample comments from participants**
Balance of payments	5	10%	'The IMF loan is usually granted to countries having balance of payments crisis. The IMF and the country will agree on a set of programs aimed at achieving specific, quantified goals in support of the overall objectives of the government's economic program. IMF usually provides small resources required to finance their balances of payments'. 'The IMF loan policy is meant to correct or finance a country's balance of payment'.
Conditions	19	38%	'They are stipulated or predetermined conditions and requirements to be fulfilled before the IMF can grant a loan to a debtor nation in the achievements of the economic objectives of the debtor country, or to restore its BOP problems'

			'The loan policy is about IMF guidelines on how countries can access its loan facilities as well as how members can lend among themselves. These loans often come with conditionalities to ensure they are repayments by borrowing countries'.
Crisis	7	14%	'IMF loan policies are loans given to their member countries that have financial crisis to finance their current account deficits'. 'Provides financial support to countries that are in crisis to recover as they implement policies to reinstate economic stability and growth'.
No response	3	6%	
Others	16	32%	'IMF is essentially established for economic stability and global growth through sound macroeconomics and financial policies. Thus IMF policies are those suits of policies for the individual member countries in order to achieve the above twin objectives'. 'Short term loan facilities meant to stabilize the financial system in order to foster global monetary cooperation, facilitate trade, promote employment and economic growth as well as reduce poverty'.
Total	50	100%	

With regard to providing reviews regarding what the IMF loan policy is, some part of the participants spoke concerning conditions. The main issues raised included measures attached with loans provided. To a lesser extent, balance of payments and economic crisis were mentioned. The sample comments above from the participants illustrate these points.

4.4. Does Implementation of the IMF Loan Policy result in adverse social effects? If Yes, Why?

There are several factors that exist in Nigeria that can result in social adverse effects. This prompted the researcher to examine if the Loan policies which comes with conditions had contributing element in influencing most developing nation in this case Nigeria. This was the second theme which aimed at establishing participants view on implementing these loan policies in Nigeria. The responses were categorized into a dichotomy (positive vs. negative), and inconclusive to those responses that consisted of both categorizes. A sub-category of external and internal was created based on the responses acquired.

Positive (External)

Twenty-three out of thirty participants surveyed agreed to hypothesis that implementing the loan policies results in adverse social effects. Most of the participants stated that due the harsh conditions attached to the loan, social adverse effects were observed. For this reason, the researcher categorized it as external. Some of the responses given by the participants are sampled below.

"Yes some of their conditionalities are adversely affecting the poor, particularly in terms of government's involvement in subsidies and other poverty alleviation measures which involves/requires higher government spending".

(P.21)

Another participant stated that "It could have adverse social effects because a beneficiary country would be required to fulfill certain obligations in order to improve its economic conditions. However these obligations could entail stringent measures that affect society adversely".

(P.24)

A participant pointed out that "Yes. Some of the IMF policies are anti-developmental it has led to loss of output and unemployment especially in economies where income is low and unemployment is high".

(P.29)

In summary, 46% of the participant attributes the social adverse effects to the external factors which are implementing the conditions attached to the loans.

Positive (Internal)

Seven out of the thirty participants who agreed to the hypothesis claimed that the social effects are not merely external but due to internal reasons as well. Some of the reasons given were that due to misuse, misappropriations, corruption amongst others were the reasons behind the social effects. Sample responses are showcased below.

A participant claimed that "Yes, but only if the implementation is faulty or funds are misused or misdirected for unintended purposes. At other times, adverse social effects can occur when the loan does not account for the fundamentals of the intended debtor countries".

(P.22)

Another participant reported that "Yes because some countries are corrupt and poorly utilize loan granted by IMF".

(P.30)

"Yes. Member countries find it difficult to pay back the facilities and acquired interest due to mismanagement of fund".

(P.31)

In summary 14% of the total sample agree that the loans results in social adverse effects, the effects are enhanced by internal factors which were stated above.

Negative

Thirteen participants out of the entire fifty participants, total disagreed with the fact that implementing the loan policies results in social adverse effects. Twelve participants simply said *no* with no explanation while two gave their opinion.

One participant stated "No. It is meant to provide sustainable development. Why the loan policy could have some adverse social effect is because when loans are collected the implementers do not use the funds for the purpose for what it was meant for".

(P.28)

Conclusively, 26% of the participant disagrees with the proposed hypothesis.

Inconclusive

Seven participants agree with neither of the extreme themes on the spectrum. In this category, the participants chose both positive and negative. Instances of these comments are;

"This actually is an empirical issue. For some countries it has been shown to have adverse social effects while for others it has not".

(P.1)

Another participant stated "Empirical evidence on this is inconclusive. This is largely driven by individual country-specific. For instance while liberalization was successful in some Asian countries it failed abysmally in Africa and Latin America".

(P.16)

A participant stated "No/yes. The answer depends on the Management capabilities of the nation".

(P.26)

Overall general conclusion in regards to the hypothesis, implementation is not a measurable variable hence this preliminary research highlight's a relationship between the loan policies (conditions) and developing nations (Nigeria) but the results does not necessarily prove causation. However, preliminary research is not substantial enough to confirm or reject the hypothesis. Due to Insufficient data on the social effect of these loans which is as a result of those external and internal factors, it is difficult to quantify the effects from implementing these loans.

4.4.1 Hypothesis Testing

First hypothesis that was drawn from the research was that implementing IMF loan policy has no significance with the social adverse outcomes in Nigeria. The results attained from the survey indicates that some half of the participants felt that the implementation results in social adverse outcomes. Some of the reasons given were the conditions attached to the loans. This shows that **(H_0)** which claims implementing the IMF loan policy has no significance with the social adverse outcomes in Nigeria is rejected, while **(H_1)** which claims that implementing the IMF loan policy influence the social adverse outcomes in Nigeria is accepted.

4.5. Are Western Nations using the IMF Loan Policy to the exert control over developing nations? If Yes, How?

This third theme was intended on obtaining data from the participants if the IMF was a tool of control for the developed (western) nations. From the responses received, careful review of the answers a certain trend emerged as those answers given in second theme above. The comments were broken down into four categories supportive, rejected, no response and equivocal.

Supportive

Out of the fifty participants, thirty-one participants were of the opinion that developed nations are exerting control over developing nations and how they achieve that were state. That presents a total of 62% that are supportive of this theme.

Participant (8) for instance claimed "In a way yes, because they make the beneficiary countries to perpetually be servicing the debt to the detriment of their domestic growth and development".

Participant (35) also claimed that "Though IMF funds are helpful in many ways, there are certain areas where the IMF fails to address the member nations which the western nations has used its policy to exert control over developing nations".

Another participant claimed "The IMF was formed by the Western Nations and through their loan policy of devaluation, has exerted control over developed and developing Nations".

(P.37)

"Yes. Evidence has shown that IMF conditionalities are so stringent that developing nations are further impoverished. For example currency devaluation as a condition is used to exert control over benefiting nations".

(P.46)

Some of the participants in this theme were of the idea that due to the resources that these nations are naturally blessed with, the assistance provided via the loan programs are a means to tap these resources as most nation have the tendency to default on the loans. In clear term as stated by participant (43) "Yes it used to curb the excesses of the developing countries".

"Yes. When they see that the countries has natural resources but are unable to harness it. They come with the loan and when they cannot pay they take their resources in return".

(P.50)

Rejected

In this category, 12 participants (24%) of the participant were in disapproval with the question. Most participants rejected with no reasons why a few provided their insights.

According to participant (11) statement “Not really, because most nations with the IMF loan usually mismanage the funds in areas/sector which wad was not originally given and meant for”.

Another participant stated that the loans are not mandatory as it’s the choice of the nations, put clearly by the participant “No. This is because IMF loans are either concessional or non-concessional, but still lower than what country borrowers can get from the international capital market. Also request for IMF loans are not mandatory. It is at the discretion of the borrowing countries”.

(P.22)

Equivocal/No response

In this category a total of six participants are on a neutral stances in regards to this question and one participant did not respond to the given question.

Participant (14) claimed “It depends on what aspect it’s looked at. If the loans are easily repayable, then no. If not, then in the long run yes”.

Another participant claimed “Not necessarily. When one takes a loan facility from another, one must be ready to abide to the conditions of the loan faculty depending on the amount and period”.

(P.24)

Participant (42) is of the opinion that the international global economy is just structured that way as he states “Well i don't think so. It is just the working configuration of the global political economy architecture. And of course the foundation upon which the institutions were based”.

In summary, the information obtained from the participants’ highlights that the western nations influence the developing nations through the policies of the IMF.

Participants gave their opinions and views which were centered basically on the conditions attached. This is supported by Garcia (2015) who stated that, the methods at which these nations administer control are via the loans and the conditions linked to it. Found in words of former Argentinean president Nestor Kirchner, paying off the fund will create independence for National decisions. Also O' Driscoll et. all, 2003; Muhumed, and Gaas, (2016) affirmed this by stating, giving up financial sovereignty not merely provides the west entry to loot resources of that particular land but additionally, it undermines service delivery of these governments. Found in accordance with the world economic freedom article in 2003, nations with the minimum financial independence have the littlest revenue.

From the questionnaire, the participants highlighted various aspects wherein the control has been exerted, nonetheless conditions is most prevalent.

4.6. Which social sectors are highly affected? And Why?

This is the fourth theme within the research; participants were asked to state which social sector they deemed more influenced by the policies. The researcher scrutinized the information provided and a pattern emerged which consisted of social goods and social services alongside other categories, and no responses. The researcher presents the outcomes in the table below.

Table 5: Social Sectors

Category	**n**	***Sample statements***
Social Goods • *Infrastructure* • *Manufacturing*	12	"Manufacturing sector. Importantly, African countries cannot compete favorably with advanced economies in international trade because of the theories of competitive problem and factor price equalization"

		"One of the areas affected is development of critical infrastructure e.g. power which leads to industrialization, increase in employment and other multiplier effect".
Social Services • *Health* • *Education*	13	"The Health sector is often affected by the IMF conditionality. The institute placed so much restriction in health spending, thereby advising governments to reduce the budget on the health sector". "In the developing Nations the social sectors unjustly affected includes government expenditures and devaluation of currency that is education, health, Good roads, etc."
Others • *Agriculture* • *Multiple* • *Oil* • *unemployment*	17	"Social security, infrastructure, health sector. How because the government of that country are mismanaging the resources available that lead to under-development". "Agriculture. The loan policy does not encourage local production such as farming but embraces importation which only increases the value if the exchange rates".

No response	8

The table gives a pictorial view of the answers received from the participants. The ‘other’ category has the highest because some halves of the response were interdependent of the social goods and services category. Nonetheless, health and education were mostly mentioned as these sectors are mostly hit most by the conditions of the policies.

4.7. Which loan policies within the IMF conditionality have more social adverse effects? And Why?

This is the fifth and final theme in the open-ended questions. The researcher focused on for basic policies which are: Reduction of Government Expenditure, Elimination of price and state control, Privatization and Devaluation of Currency. Although these are economic factors, the role played by these factors are felt across various sectors of the society. In this section, the aim of the researcher is to find out which amongst these policies had more social effects and why. For this theme, categorization was of no necessity as the respondents were given choices to pick from and give their opinion. Nonetheless, some participants chose more than one policy. Regardless of that a similar pattern emerged.

Reduction of Government Expenditure

Eight participants chose this policy to be reason behind the social adverse effect. This signifies 16% of the respondent who agree to this some of the participants commented stating;

“Conditionalities of reduced government spending have the tendency of stiffening the economy and particularly access to subvention from the government”.

(P.21)

“This however will only have more adverse effects, if the country in question has a track reward (good) of efficient use of government resources. Attempts to reduce government expenditure will relatively affect some social sectors”.

(P.22)

“Nigeria's economy mostly depends on government funds to carry out a lot of activities e.g. real estate, construction, infrastructure, etc. These projects may come to a standstill and leave people unemployed”.

(P.24)

“Since developing economies depend largely on money from government. Reduction of government expenditure leads to serious scarcity of funds and makes it very difficult for citizens.

(P.43)

Elimination of price and state control

Two participants (4%) of the sample participants are of the opinion this policy causes more adverse social effect. The two participants clearly stated:

“Eliminating price controls leads to lower purchasing power and consequently results in high poverty”

(P.20)

“Has positive impact on its citizenry as a Nation at large”.

(P.40)

Privatization

Only one (2%) participant chose this policy in regards to the asked question. The participant claimed “It leads to mass unemployment of citizens”.

(P.36)

Devaluation of Currency

Twenty-six participants (52%) are of the opinion that this policy has much more social adverse effects amongst the other ones. The effects of this policy according to the participants are;

“Currency devaluation in most African countries often results in high cost of living and a worsening of standard of living the reason being that devaluation increases the cost of inputs used in producing some basic items”.

(P.1)

“Devaluation of currency leads to higher cost of imports, inflation, unemployment, poverty, social vices etc.”

(P.5)

“The devaluation though expected to spur growth of the economy turns to be hurting since the developing economies are import-dependent and primary product oriented exportation”.

(P.8)

“Theoretically, currency devaluation is expected to promote export and foreign exchange earnings. However, an African country export only commodities and produces almost nothing. Thus, resulting in import inflation, through exchange rate which is detrimental to growth”.

(P.16)

“The devaluation of local currency has a lot of implication for prices and welfare particularly in import dependent economies where both production and consumption are directly impacted by the value of domestic currency”.

(P.19)

Multiple Choices

This category entails those choices made by the participants which encompass two or more policies. A total of eleven participants fall within this category. Three out of these participants are of the opinion reduction of government expenditure and devaluing currency is behind the social adverse effects.

Another participant in this stated “The reduction of government expenditure affect the implementation of social and economic programs. Also, the devaluation of the domestic currency leads to inflation for countries with less competitive advantage. It also leads to tariff war among trading partners”.

(P.7)

A participant in this category states “Devaluation of currency because the purchasing power has been affected and reduction of government infrastructural development on projects and programs”.

(P.37)

Sample of other responses in this category are of those participants who chose more than two policies.

“Reduction of Government Expenditure, Elimination of price and state control, Devaluation of Currency, Most of these loan policies breed inflation, thereby heightening or increasing poverty”.

(P.28)

Reduction of Government Expenditure, Elimination of price and state control, Devaluation of Currency, IMF policies have impact on social expenditure because the policy dictates the conditionalities for the grants. I.e. the IMF usually implements stabilized policies.

(P.49)

In summary two participant had no comment, nonetheless, analysis was made that majority of participants were of the opinion that implementing these loan policies come with social effects. Responses that were obtained gave a similar trend as some half of the participants stating that devaluing the currency is more detrimental amongst the selected policy conditions. This is supported in literature by Samuel, Udo and

Imolemen (2018) in Nigeria, business parameters are adversely impacted by the increase in inflation rate, hence lessening the purchasing power of the population alongside increase in the rate of unemployment. This in turn results in socio-economic effects which affects the less privileged through increase in prices hence affecting their ability to acquire social goods and services,

4.8. What are the effects of the IMF Loan Policies on developing nations?

This section consists of five sub-questions that were quantitatively asked to support the above analyzed qualitative questions. The questions were asked using likert scale of five from strongly disagree to strongly agree. This section entails just descriptive statistics for the analysis.

Table 6: Descriptive Statistics I

Questions	**Strongly Disagree**	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**	***M***	***SD***	***N***
These policies encourage developing nations to take more loans	10%	24%	8%	40%	18%	3.5400	1.47372	50
These policies are desirable	14%	26%	22%	16%	22%	3.0000	1.30931	50
These policies encourage grassroots development	8%	26%	20%	20%	26%	3.2400	1.27071	50
These policies ensure balanced growth	14%	30%	22%	18%	16%	2.9400	1.33110	50

These policies improvise poor nation	8%	18%	14%	32%	28%	3.5800	1.32619	50

The table above shows the results derived from the survey. In regards to the first sub-question, the response was supportive as 40% agree that these policies encourage developing nations to take more loan. Participants are in disagreement that these policies are desirable with a total of 26% in this category. The third question in this category remains inconclusive as it shows no high percentage as reported by the participants. The fourth question highlights a 30% disagreement in regards to these policies ensuring balanced growth. Lastly, 32% of the participants are in agreement that these policies improvise poor nations.

In conclusion, it can be generally accepted in regards to this question that effect of these IMF policies are non-beneficial to developing nations as these policies causes more harm than good.

4.9. What are the challenges faced by developing nation in accessing and paying back IMF loans?

Table 7: Descriptive Statistics II

Questions	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree	*M*	*SD*	*N*
Severe conditions	4%	10%	6%	38%	42%	4.0000	1.10657	50
Lack of accountability by	4%	10%	8%	32%	46%	3.9200	1.08496	50

government officials								
Lack of resources to pay back the loans	8%	22%	12%	28%	30%	3.4800	1.32849	50
Lack of monitoring by the IMF	26%	30%	20%	8%	16%	2.5800	1.38638	50
Corruption	0	4%	2%	44%	50%	4.3400	.71742	50
Incompatible Implementation	0	2%	14%	40%	44%	4.2200	.76372	50
Mismanagement of resources	2%	2%	2%	44%	50%	4.3200	.79385	50

From the responses in table 7 above, it likely to infer that the challenges faced by developing nations in accessing and paying back IMF loans includes but not constrained to severe conditions, lack of accountability by government officials, lack of resources to pay back, corruption, incompatible implementation and mismanagement of resources. This decision was taken as regards to the highest percentage as shown above. Conclusively, these are both internal and external factors that needs to be examined both by the IMF and the state government taking up these loans in order to limit taking up more loans and in turn resulting in long-term effects.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

This is the last section in the research which includes findings in the research, recommendations and implications for developing nations, the IMF and other international organizations at large. Limitations and suggestions for further research in this area are also discussed.

The research findings that were acquired from the survey that were administered are explained below:

It was observed from the research that the participants had somewhat idea about what the IMF loan policy is as most participants indicated that these are conditions set in place by the organization in other obtain finance from the said organization.

Upon analyzing the findings from the questionnaires, it was established that the loan policies results in social adverse effects in Nigeria and this is due to the conditions that are attached according to the participants. Although few participants pointed out that other factors might be contributing factors such as mismanagement, misappropriation, corruption amongst others, it shed light that the blame is not totally as a result of the IMF policies. In comparison to the answers provided qualitatively, corruption carries more weight in the quantitative aspect with about 50% in agreement in comparison to just one respondent. This indicates that both the data agree to this factor but on an unequal footing. The same applies to mismanagement of resources. None

Thirdly, the participants pointed out that through the dictation of these conditions, the western nations impede on national sovereignty of the undertaking nations. Other participants stated that due to excess natural resources found in most developing nations, the loan is used as a means to get access to these resources.

Fourthly, the participants highlight various social sectors that are being affected by these loans. They include infrastructure, health, and education amongst others. Some of these sectors mention are very crucial for the development and advancement of any economy.

In addition, the participants highlight that amongst the four provided loan conditions, devaluation of currency is most detrimental to the society. Though, being an economic variable, it has socio-economic outcomes. The participants were most keen about the purchasing power parity of the people which results in poverty in addition to increase in inflation which affects also the accessibility to social goods and services.

Lastly, participants are of the notion that these policies are not desirable; the loan encourages nations to take up more loans, and improvise the developing nations. This is in relation to facts that accessing and repaying the loans are as a result of both internal and external factors such as severe conditions, lack of accountability by government officials, lack of resources to pay back, corruption, incompatible implementation and mismanagement of resources. Conclusively, the social adverse effects experienced by developing nation are not constrained to the IMF alone as other factors have a role to play as well. Nonetheless, it can be concluded that implementing the loan policies without thorough control on already existing internal issues will results in more social adverse effects.

The implications for the IMF and developing nations pertaining to the research are explained below:

The area that was researched will assist the IMF to take up more responsibility for the social outcomes of their policies. As it is quite impossible to separate the economic from the social. It will assist the IMF to take more consideration into the social sphere of the nation and not the economic alone. For developing nation it will assist in critically and crucially dealing with its internal issues before resulting to the IMF for loans. For this loans have a long term effect on the nation hence, serious consideration should be taken into account before seeking for the loan. To both the IMF and the Nation, a longer well deliberated talks should be held in regards to the social aspects along with the economy. This can be achieved through independent and joint research fore hand on the situation of the citizens and not in regards to economic alone. This way the institution will be regarded with less criticism and more praise on how it handles economic and social outcomes.

Recommendation

Firstly for Nigeria as a developing nation, the dependence of just oil will in turn be the undoing of the economy. Diversification should be encourage and promoted hence.

Secondly, the dependence on imported goods will constantly result in excess demand. To curb this out, internal production should be encouraged and this can be achieved via provided the social goods and services highlighted above.

Thirdly, competency should be key and not nepotism. Placing the right persons at the right place would encourage development. This should not be just at the ministerial or organizational level but the governmental level as well.

Fourthly, in light of an overlooked aspect which the research pointed out, the level of mismanagement, corruption, and misappropriation should be taken seriously. As accountability should stand at the utmost tier of any level of government or organization.

Recommendation to the IMF

Firstly the IMF should not provide loans to unaccountable governments. This can be achieved through research from the organization.

Secondly, the conditions of the IMF should take into account the social effects it might cause.

Thirdly, IMF should own up to the effects the policies spring up and try to make internal adjustment as well.

Lastly the IMF should start providing social data in regards to their policies.

The limitations of the research study.

The first limitation of the study is the biasness which results from the qualitative aspect of the research. The part of the research is known for its bias nature it has in that the researcher is responsible for analyzing and collecting data.

Second limitation is time constraint. In this category it's due to lack of secondary data in regards to the social effects. Hence collecting primary can be time consuming as it requires the questionnaires been sent via mail and response time cannot be left out.

Third limitation was lack of commitment from participants. It is difficult conducting research in Nigeria as participant show either busy or not interested in general this makes it difficult to attain data.

Fourth, as it regards just a section of the CBN, it does not encompass the whole organizations charged with the duties of implementing these policies. Therefore, generalization cannot be done.

Lastly, due to lack of secondary data on the social effects it is difficult to check and ascertain the policies real social effects. Also due to its interdependent nature of require internal and external data it makes it much more difficult to conduct a research on the social aspect of the policies.

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APPENDIX A: A LETTER TO THE RESPONDENT

Dear Sir/ Madam

RE: KINDLY REQUESTING FOR YOUR PARTICIPATION IN THE COMPLETION OF THE ATTACHED QUESTIONNAIRE IN THE RESEARCH ON AN APPRAISAL OF THE IMF LOAN POLICIES ON DEVELOPING COUNTRIES: A CASE STUDY OF NIGERIA.

My name is Peter Ijai Istifanus, Student Registration number 20175447. I am a second year student at Near East University currently studying for a Master's Degree in International Business. In order to fulfil the requirements of the degree program, I am required to carry out a research study entitled:

An Appraisal of the IMF loan policies on developing countries: A case study of Nigeria.

I am kindly requesting for your assistance in satisfying the above requirement by your completion of the attached questionnaire. The participation in this survey is voluntary hence participants are not compelled to answering this questionnaire and reserve the right to opt out of participating in the research study. All rights are reserved by the participants in choosing not to answer the questions All information given in response to the questions in the attached questionnaire shall be treated confidentially, presented as group data and used for academic purposes only.

Thank you in advance for your kind assistance.

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Participant's name	Date	Signature
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Researcher	Date	Signature

APPENDIX B – QUESTIONNAIRE

Instructions to the respondent

i) Kindly answer the following questions by placing a tick **(√)** in the appropriate box provided for each question.

ii) More than one tick **(√)** may be placed in response to a question where it is so indicated.

iii) Additional information may be given in the comment space provided below in some questions.

SECTION A

Background Information

1. Kindly provide information about yourself:

i) Your Gender

MALE	FEMALE

ii) Your age group

21 to 30	31 to 40	41 to 50	Over 50

Years

SECTION B

Research Questions

2. What is your understanding of the IMF Loan Policy?

Comment...

....

....
....
....

3. In your opinion, does the implementation of the IMF Loan Policy result in adverse social effects? If Yes, Why?

Comment...
....
....
....
....

4. In your opinion, are the Western Nations using the IMF Loan Policy to the exert control over developing nations?

Comment...
....
....
....
....

5. Which social sectors are highly affected? And how?

Comment...
....
....
....
....

6. In your opinion, which loan policies within the IMF conditionality have more social adverse effects? And why?

Loan Policies	
Reduction of Government Expenditure	
Elimination of price and state control	
Privatisation	
Devaluation of Currency	

Comment...
....
....
....
....
....

7. What are the effects of the IMF Loan Policies on developing nations?

More than one tick (√) may be placed.

Key: SD = Strongly Disagree; D= Disagree; NS= Not Sure; SA= Strongly Agree and A= Agree

Statement	**SD**	**D**	**NS**	**SA**	**A**
These policies encourage developing nations to take more loans					
These policies are desirable					
These policies encourage grassroots development					
These policies ensure balanced growth					

These policies improvise poor nations					

8. What are the challenges faced by developing nation in accessing and paying back IMF loans?

More than one tick (√) may be placed.

Key: SD = Strongly Disagree; D= Disagree; NS= Not Sure; SA= Strongly Agree and A= Agree

Statement	**SD**	**D**	**NS**	**SA**	**A**
Severe conditions					
Lack of accountability by government officials					
Lack of resources to pay back the loans					
Lack of monitoring by the IMF					
Corruption					
Incompatible Implementation					
Mismanagement of resources					

Thank you for your contribution

PLAGIARISM REPORT

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ORIGINALITY REPORT

15%	13%	6%	%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	fas.org Internet Source	3 %
2	docplayer.net Internet Source	2 %
3	www.imf.org	2

ETHICS COMMITEE APPROVAL

YAKIN DOĞU ÜNİVERSİTESİ

BİLİMSEL ARAŞTIRMALAR ETİK KURULU

11.06.2019

Dear Peter Ijaı Istıfanus

Your application titled **"An Appraisal of the IMF loan policies on developing countries: A case study of Nigeria"** with the application number YDÜ/SB/2019/458 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

Direnc Kanol

Note: If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.